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# Part I: Co-operation and Association

## GERMANY.

### GERMAN VINEDRESSERS' CO-OPERATIVE SOCIETIES.

by Prof. Dr. WYGODZINSKI of Bonn.

#### SOURCES:

- REIER: Die Winzergenossenschaften und ihre Bedeutung für die Massenerziehung und Massen-organization (*Vinedressers' Co-operative Societies and their Importance for Collective Education and Organization*) Schmollers Jahrbuch, 1892.
- REIER: Die Winzergenossenschaften und die deutsche Gesetzgebung über Wein (*Vinedressers' Co-operative Societies and German Legislation on Wine*). Schmollers Jahrbuch 1900-01.
- REIER: Weinbau und Winzer im Rheingau (*Viticulture and the Vinedressers in the Valley of the Rhine*). Wiesbaden, 1906.
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- REIER: Der Ahrweinbau, seine Geschichte u. wirtschaftliche Lage in der Gegenwart (*Viticulture of the Ahr, its Development and Present Situation*). Treves, 1911.
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- REIER: JAHREBUCH DES REICHESVERBANDES DES DEUTSCHEN LANDWIRTSCHAFTLICHEN GENOSSENSCHAFTSVERBANDES. (Yearbook of the National Federation of German Rural Co-operative Societies).
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- REIER: Mitteilungen zur deutschen Genossenschaftsstatistik (in den Ergänzungsheften zur Zeitschrift des Königl. Preuss. Statist. Landesamtes). (Statistics of German Co-operative Societies. Supplement to the Bulletin of the Royal Prussian Statistical Office).
- REIER: STATISTISCHES JAHREBUCH FÜR DAS DEUTSCHE REICH. (Statistical Yearbook for the German Empire).

The German vinedressers' co-operative societies, generally styled vinedressers' associations or viticultural associations, have been, more than any other form of co-operative societies, born of necessity. German viticulture is largely in the hands of small farmers; according to a census taken on June 12th., 1907, four fifths of all the wine farms of Germany were less than 50 ares each; the wine farms of more than 5 ha. do not even form 1 %. If Southern countries still guarantee a sufficient profit to the wine farmer in the wine produced, it is not so in Germany, where he has not only to struggle against phylloxera and mildew with which his brothers in the South have also to contend, but also against the rigours of the climate. The German vineyards are situated just at the extreme limit of the zone for this class of cultivation; also it happens very often the harvest on which they count fails completely or for the most part, or, for want of a sufficient number of warm days, it suffers in quality. The yield of the harvest for the area cultivated with vines in Germany was as follows (in hectolitres of must per hectare):

1902 . . . . .	20.6	1907 . . . . .	21.0
1903 . . . . .	31.6	1908 . . . . .	26.9
1904 . . . . .	35.4	1909 . . . . .	17.6
1905 . . . . .	32.1	1910 . . . . .	7.5
1906 . . . . .	13.6	1911 . . . . .	26.6

Not less appreciable are the fluctuations in the value of the crops; even in the case of the Prussian State vineyards, in the valley of the Rhine, in working which the most improved technical methods are adopted, in the course of a period of hardly twenty years, variations between 25 and 21 marks per hl. have been observed. The value of the total German vintage has varied from one year to another by about 300 %, rising from 58 million marks in 1910 to 178 million in 1911. Owing to these extraordinary fluctuations, as well as to the division of the land in small farms, the wine farmer is obliged to seek means for deriving the greatest possible profit from his crop. The small viticulturist is not in a position to undertake himself the later work, especially the pressing of the grapes: he has not the necessary equipment nor the cellar. Besides the amount he produces is too little to compensate him for the expense of purchase of the necessary implements. It is hence quite natural that he should sell his grapes to the wine merchant, who has all that is required for the making of the wine. The large proprietors of vineyards, alone, whom we are not considering here, and who are not members of vinedressers' co-operative societies, can undertake the pressing, and the storage of the wine in cellars, and sell it in casks.

The low prices offered for grapes by the merchants contribute in their turn considerably to the formation of vinedressers' co-operative societies, such as were founded in the course of the decade 1851-1859 along the Moselle and the Neckar. These early societies, however, remained isolated; the movement only became important with the foundation in 1868 of the vinedressers' co-operative society of Mayschoss on the Ahr, a small tributary

the Rhine, almost at the northern limit of the vine growing region, where cultivation of grapes for red wine predominates. The vinedressers of the region pressed their grapes themselves and sent their wine to private owners: as the wines of this region, which are somewhat astringent, had favour with the public, and as adulteration had been largely resorted to, the wine merchants, well supplied with capital, were competing with the vinedressers for the ownership of the land, the farmers found their independence menaced to such an extent that they were compelled to sell their grapes to the wine merchants. And here also the necessity of the farmers was taken advantage of to make them take very low prices. Co-operation therefore represented the only possible escape from the critical position, and the benefit of co-operation has been luminously proved by experience in the course of many years. The farmers sell their grapes to the society; payment is made in accordance with the amount of sugar calculated in degrees with the must of the Oechsle must balance; the errors in this calculation being insignificant, the estimation is easy. The other elements determining the character of the wine naturally can not be considered. The price of the wine is fixed at the general meeting; the final settlement of accounts is usually made on December 31st., but, unless there is a loan and savings bank granting the necessary credits for current expenditure, temporary advances may be made to members out of what is due to them. The wine belongs to the society, which arranges for pressing, fermentation and storage in its cellars. After it has been long enough in the cellar, the wine is sold; we shall show, hereafter, how the sale is effected.

On the same principle, a large number of vinedressers' co-operative societies have been founded along the Ahr and in other wine districts of Germany. The present situation and the fluctuations that have taken place in the number of the societies will be seen from the following figures:

Year	Number of Co-operative Vinedressers' Societies
1901 . . . . .	253
1902 . . . . .	279
1903 . . . . .	287
1904 . . . . .	302
1905 . . . . .	187
1906 . . . . .	196
1907 . . . . .	197
1908 . . . . .	195
1909 . . . . .	196
1910 . . . . .	196
1911 . . . . .	206

In 1911, the sale of wine by 127 co-operative societies on which we possess information produced 5,683,546 mks; adding to this the sales by the other co-operative societies, which have not furnished information, it may

be assumed that the total amount of the sales for the year was 7 or 8 million marks.

The official statistics enable us to see how these societies are distributed in the various parts of the Empire. According to these statistics, on the 1st. of January, 1910, there were 174 vinedressers' co-operative societies with 10,995 members distributed as follows:

A. Kingdom of Prussia . . . . .	100	societies with	4,805 members
that is:			
Hesse-Nassau . . . . .	26	" "	928
Rhenish Provinces . . . . .	83	" "	3,695
B. Kingdom of Bavaria . . . . .	23	" "	1,732
C. Kingdom of Württemberg . . . . .	21	" "	1,697
D. Grand Duchy of Baden . . . . .	8	" "	827
E. Grand Duchy of Hesse . . . . .	28	" "	1,361
F. Alsace-Lorraine . . . . .	4	" "	473

Most of the co-operative societies are found in the basin of the Rhine and its tributaries (Moselle, Ahr, Nahe), and in the neighbouring districts (Hesse, Palatinate).

The results of the business of the vine dressers' co-operative societies vary to an extraordinary degree. The Statistics of the Federation give the following figures.

Year	Number of Societies Forwarding Returns	Profits — Marks	Loss — Marks
1908 . . . . .	130	81,214	847,286
1909 . . . . .	119	216,392	6,892,226
1910 . . . . .	127	337,123	407,311

These figures give a very sad picture of the present situation of the German vinedressers' co-operative societies. The losses, extraordinarily large when taken all together, fall, however, principally on two groups of societies, namely, those of the Ahr District and the Rhine Valley, while the other groups, those namely of the Palatinate, Baden and Alsace — independently of the years' harvest — are very prosperous.

The want of success in the Ahr district is due to a combination of causes, some of which have been in operation for scores of years. Perhaps we must assign as one of the principal causes the change of taste shown by the preference generally given in Germany for white wine, whilst the vineyards of the Ahr produce red wine exclusively; yet it must be observed that even consumers of red wine prefer the less astringent French and Italian red wines to those of the Ahr. Besides, we should take into consideration that there has been no improvement in the technical methods of production in the Ahr district, and this has also had its influence in de-

giving it of public favour. Besides, the importation of wines from the north for mixing had been facilitated by commercial treaties to such a degree that dealers selling to the public, little conversant with wines, substituted for the red wines, the production of which is comparatively costly, a mixture of red and white wine. Finally, the critical situation is partly the fault of the societies themselves, because they have not conducted their business properly. As we have said, the society buys its members' grapes, and the price of the grapes is the most important item in its expenditure. Now, there has been a very ill-advised practice of fixing the price of grapes so high at the general meeting. The members thus received good prices for their produce, but the society was so heavily burdened at the start that it had to ask high prices for its wines to cover its expenditure. But the public did not buy at these high prices, the wines remained unsold, and the societies had their cellars full of wine. The ill fortune of the vinedressers' co-operative societies naturally had its effect on their members; in the end, the State had to come to their aid, in union with the co-operative organisations concerned. The work of assistance, to which the Provincial Government and the Chamber of Agriculture also contributed, took two forms. A "Commission for the relief of the producers of red wine" applied itself to the improvement of the technical methods; it had to familiarise the vinedressers with modern methods of viticulture and wine making and to study at the same time whether it would be best to substitute for viticulture other kinds of cultivation, especially, the cultivation of fruit, and to what degree. The "Bureau (Geschäftsstelle) of the United Vinedressers of the Valley of the Rhine and of the Ahr" (generally called "Rotweinzentrale"), instituted at the same date (1905), has, in its turn, to provide for the sale, buying from the farmers the wine ready for consumption and placing it on the market. Nothing has been published on these two organisations; it seems, however, that the success of the Commission, the instructions of which the farmers readily follow, has far exceeded that of the *Central Office* (Rotweinzentrale) which, it appears, has not yet been able to solve the problem of sale. The considerable losses suffered in the Rhine valley are partly due to business, but also partly to personal reasons. The difficulties in the way of sale encountered by the vinedressers' co-operative societies, consisting solely of small producers, led in 1898 to the formation of a "Central Federation of the Co-operative Vinedressers of the Valley of the Rhine for Purposes of Sale" (Zentralverkaufsgenossenschaft Rheingauer Winzervereine), at Eltville with the object of deriving the largest possible profit from the wine by means of collective sale.

This Federation, which had only a capital of 2,000 Marks of its own, not fully paid up, began at once to do business on a large scale. Cellars were built in Eltville which cost about 350,000 Mk; the maintenance of these cellars, including interest to be paid, alone absorbed 15,000 Mk; about 400,000 Mk worth of wine was stored in them, and immense sums were spent on advertisement, salaries, travelling etc. The advances required were granted by the bank of the Nassau agricultural Federation, expressly founded for the purpose by the Raiffeisen



Federation of which the societies were members; the security given for these advances amounted gradually to almost 6 million marks; almost the whole of this debt had to be borne by 20 co-operative vinedressers' societies of the Rhine valley with 1,300 members in all. This organization had been raised at the start on so fragile a basis that its failure might almost have been foreseen; but, instead of this being realised after the first experiences of the inevitable consequences, these were attributed to the fact that the wines of the Rhine Valley were insufficient by themselves to satisfy the public and that consequently other wines must also be supplied to the consumers. For this purpose in 1905, "the German Co-operative Vinedressers' Central Society for Sale," (Zentralverkaufsgesellschaft deutscher Winzervereine) was founded as a limited association with its head quarters also at Eltville, and the former Federation was incorporated with it. This was only a means of delaying failure, which was finally announced in 1908. As a judicial liquidation would infallibly have led to the ruin of all the wine farmers of the valley of the Rhine, the State and the Raiffeisen organization intervened with assistance which they are still continuing.

The person to whom the failure is chiefly to be attributed is the manager, as he had no responsibility, not only did he conduct the business with no discernment, but was even guilty of tampering with the books and of fraud. Yet, even without the breach of trust on the part of this disloyal servant the Federation itself is not to be considered without blame for its failure; its business was conducted on too large a scale considering the extremely limited means at its disposal; the conditions of the market were not at all considered and finally by a serious neglect of their duties of collaboration and supervision on the part of the members, the manager was left complete freedom of action.

Although the troubles in the Ahr Valley and the Eltville catastrophe must be attributed to special causes, both are extremely instructive for the future development of co-operative vinedressers' societies. The experience acquired will, in the first place, show these latter that co-operative societies which, in most cases, have only a limited capital, ought not to act without reflection in regard to the investment of the capital and the utilisation of the credit granted to them. In the Valley of the Ahr far too large cellars were built, and excessive quantities of wine stored in them, although there was there less squandering than in the Rhine valley. A co-operative society must only accept the charge of so much wine as it can sell in the ordinary course of business. The second important lesson to be drawn from the experience obtained is: if a vinedressers' co-operative society desires generally to work successfully as a co-operative society for sale, it must be able to find methods of sale similar to those adopted by the wine trade. The German law of 1909 on wine, thanks to the severity of its provisions with regard to adulteration and false declaration of wine, as well as the limitation of mixing, has almost entirely liberated the vinedressers' co-operative societies from underhand competition, and has thus greatly benefited the co-operative vinedressers of the Ahr, whose sales have since then increased; but the open competition on the part of the merchants

It continues, whilst attempts to come to an understanding with them we not had the smallest success. For purposes of sale, either the merchants must be arranged with, or the consumer directly approached. This latter method of sale, to which the older vinedressers' co-operative societies of the Rhine owe their success, is now only possible to a very limited degree, were it only for the reasons given above; private persons only occasionally purchase directly from the society. The co-operative societies have therefore acted, notably through the medium of their federations, to sell their wines directly to the public, by opening wine shops in towns of a certain size; experience has shown that the success of this attempt depends on the combination of a number of circumstances which, by their very nature, are beyond the control of the vinedressers' co-operative societies and expose them to new risks. At the most, they would be able to sell a part of their *surplus stock* in this way. The only course left open is that of sale to merchants, either by contract or at auction, as the wine farmers of the Moselle and the Rhine sell the wine of their own vineyards. The merchant who finds his advantage in this, for the wine is thus delivered to him in a better condition than by the small vinedresser. The advantage to the co-operative society cannot but be understood: in the purely technical point of view it marks a considerable step forward. The co-operative vinedressers' societies familiarise their members with the best methods of cultivation, with the best way of working the soil and the care required by the vine; they buy collectively, and consequently as cheaply as possible, requisites (implements, manure etc.) of the best quality; they struggle collectively, and consequently most effectually, against the many insects and vegetable parasites that attack the vine. It is easy to understand that the storage of wine in cellars can be much more satisfactorily managed by a co-operative society than by an independent wine farmer; the arrangement of the cellar demands experienced specialists, and, if immediate sale is impossible, the wine may be properly stored by the society. The vinedressers' societies have the great merits of having freed the wine farmer from the necessity of selling his grapes at any price he could get and of having contributed to the improvement of viticulture and wine making; they do not now imbue themselves with the commercial spirit so as to sell the wine unwisely as they produce it.

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## AUSTRIA.

### THE REGIONAL ORGANISATION OF AGRICULTURAL CO-OPERATIVE SOCIETIES

by Dr. OTTO NEUDÖRFER,

*Secretary to the General Federation of Agricultural Co-operative Societies, Vienna.*

#### IV. SLOVENE CO-OPERATION IN AUSTRIA.

##### SOURCES :

ÖSTERREICHISCHE LANDWIRTSCHAFTLICHE GENOSENSCHAFTSPRESSE sowie die Jahresberichte und Verbandsorgane der besprochenen Verbände (*Austrian Agricultural Co-operative Press, Annual Reports and Bulletins of the Federations Studied*).

##### INTRODUCTION.

The progress of co-operation in the Slovene districts of Austria has followed essentially different lines from that of co-operation in the more Northern districts. It is first of all to be observed that in the Southern regions in which the Slovene population predominates, the Raiffeisen movement properly so called began comparatively late. This was due first of all to the fact that in those regions the communal representatives did not accept co-operation at its start, as in Upper and Lower Austria and Styria. The result of this, in its turn, has been that co-operative societies formed on private initiative on the Schulze-Delitzsch system supplied the agricultural population with credit for a much longer period than in other parts of the Monarchy. It was only later that a certain number of these societies were transformed into Raiffeisen Banks. When later on federations had to be founded, the older Schulze-Delitzsch societies were admitted as members like the new Raiffeisen Banks. Thus all the co-operative federations have as members both urban loan banks and rural loan banks, whilst in the Northern regions of the Monarchy, the Schultze-Delitzsch loan bank for Germans, Czechs and Poles have their own federations in many respects on quite another system than that of the federations of rural co-operative societies. Another characteristic feature of the Slovene co-operative move

ent is that none of the various federations limits its sphere of action to a particular region of the Monarchy as the other Austrian federations do, but, on the contrary, they each extend their field to all the Slovene districts so that in one and the same district there are several co-operative federations.

The first Austrian credit co-operative society in the south of the Monarchy was founded at Klagenfurt, the capital of Carinthia, in 1851 on the Schulze-Delitzsch system. A similar society was founded, in 1856, at Laibach, the capital of Carniola, under the title of "Mutual Aid Industrial Association", using both the German and Slovene languages. Then, during a long interval, there were no new co-operative societies founded. Whilst in other parts of Austria, the number of societies rapidly increased, it was only in 1872 that another was founded in the Slovene districts, that is to say a year before the existing law on co-operative societies came into force. This third society was the *Slovene District Loan Association* (Bezirks-Darlehensverein) at Luttenburg (Styria), which, like the two above mentioned, was formed in accordance with the law of 1852 on co-operative societies and transformed, after the promulgation of the 1873 law, into a co-operative society in conformity with that law. Almost at the same date the first association of Slovene loan banks was founded at St. Jakob im Rosenthale, which was, however, only transformed 25 years later into a registered co-operative society. Slovene loan banks of the Schulze-Delitzsch system were also founded later at Mottleng-Schonskin, Sachsenfeld, Prassnig, Marburg and Cilli.

Previously to the coming into force of the law of June 1st., 1889, by which considerable fiscal facilitations were granted to the Raiffeisen banks, there was no trace of a Raiffeisen movement in the Southern part of the Monarchy, although in 1884, Michael Vosnjak, one of the pioneers of the Austrian co-operative movement drew attention to the useful work of the small banks and the insignificant cost of their institution and management and the fact that he had founded such banks in three small localities. Yet the rules of the co-operative societies do not correspond entirely with Raiffeisen principles, which, generally speaking, only found their complete expression in the 1889 law mentioned below. Their rules were rather a mixture of Raiffeisen and Schulze-Delitzsch principles.

In 1890 the first union of loan and savings banks was founded at Seisenegg, in accordance with the 1889 law. But the rules of these societies are not in conformity with all the provisions of this law, so that they are often refused the benefit of exemption from fiscal charges. It was only after the foundation of the two co-operative federations at Cilli and Laibach that the Raiffeisen Banks made much progress in the South of the Monarchy.

§ 1. THE ORGANIZATION OF THE SLOVENE FEDERATIONS IN STYRIA  
(ZADRUŽNA ZVEŽA AT CILLI, REGISTERED CO-OPERATIVE SOCIETY, LTD.).

Michael Vosnjak, the pioneer of co-operation already mentioned, who the extremely critical financial position of the small rural holdings had determined to dedicate himself to the organization of Slovene co-operative credit, showed himself energetic in arranging for the practical realisation of his project of reform. The situation of credit in the South of the Monarchy was at this date very critical. After the serious disasters of 1893 and the high interest asked in consequence for credit on land, a large number of small peasant holdings, the owners of which were not in a position to pay the exorbitant interest and the charges imposed by the Treasury, were sold at auction, very often for very small sums. Of course the professional speculators in land profited. Attempt was made to remedy the evil by making it easy to obtain personal credit speedily, so as in this way to put a stop to usurious charges on real estate.

The loan banks in existence at that date could only supply in a small degree this great need of credit. Vosnjak and his friends applied themselves, consequently, without loss of time, to increasing the number of credit co-operative societies, which was scarcely easy in view of the difference of the local political and central authorities.

Vosnjak's programme was as follows: first of all the institution of large loan banks in all the principal centres of Styria; these banks in their turn to serve as starting points for credit co-operation for the Styrian country districts, and the adjacent districts of Carniola, Carinthia and the Littoral. Conformably with this programme, Vosnjak then founded the three large loan banks mentioned in the introduction, at Cilli, Marburg and Pettau.

These starting points for the further organization of the societies once formed, Vosnjak proceeded with the second part of his programme, that is to say, the institution of rural co-operative societies; the Cilli federation of Slovene loan banks gave him important assistance in this work.

Then Vosnjak, in his character of founder and president (Obmann) of the Cilli loan bank, called a meeting of the delegates of the banks working at that date in all the Slovene regions to meet at Cilli on January 21st, 1888, to discuss and eventually to decide on the foundation of a federation for the encouragement of co-operation in the Slovene districts (Styria, Carinthia, Carniola and the Littoral). To this meeting Vosnjak submitted the rules he had drafted and they were approved. Vosnjak was elected president of the federation and has held the office for more than 25 years. The new federation proceeded immediately with its work of organization, in accordance with the principles laid down in the model rules drawn up by its president; in the absence of any support from the State or the local Government, the Cilli *Posojilnica* had to assist in this work and thus the first expense of organisation was met and in the early days contributions were made in the form of savings deposits in the newly instituted peasant's loan banks.

Vosnjak prepared uniform printed forms for the registration and work of these banks and founded an association press at Cilli, which produced and delivered its books and did its printing at small cost.

In the summer of 1884, the first Slovene peasants' banks were founded, with the personal assistance of Vosnjak, namely at Sauerbrunn Pischätz and St. Peter near Königsberg. The model rules drawn up by Vosnjak in 1884 for the rural loan banks contained the following principal provisions: unlimited liability, small territorial area, no shares, profits exclusively assigned to the formation of a reserve fund to meet eventual losses, grant of loans to members only, personal credit on the security of bonds (bills): specification of the object of the loan; if the loan is contracted by a married member, the wife's signature also to appear on the document attesting the loan; no council of supervision, but a single book keeper.

In 1886, Vosnjak tried to obtain a more or less uniform distribution of money among the loan banks affiliated to the federation, but this attempt did not meet with any considerable success. So the Cilli loan bank decided to assume the work of a clearing house of the societies affiliated to the federation. The loan bank discharged this duty up to the date of the institution of the central bank for the federation in 1906.

At the end of 1911, the Federation included:

Raiffeisen Banks . . . . .	69
Loan Banks . . . . .	38
Co-operative Dairies . . . . .	10
„ Distributive Societies . . . . .	5
„ Breweries . . . . .	5
„ Building Societies . . . . .	2
„ Society for Purchase and Sale . . . . .	1
„ Baths . . . . .	1
„ Alpine Society . . . . .	1
„ Bookbinders' Society . . . . .	1
„ Electricians' Society . . . . .	1
„ Zveza slovenskih . . . . .	1
Total . . . . .	136

At the end of 1911, the shares amounted to . . .	110,040	c.
the deposits „ „ . . .	1,681,916	c.
the credits „ „ . . .	64,521.15	c.
the total working capital „ . . .	11,326,579	c.

As we shall see hereafter, in addition to the three federations mentioned, three other federations of co-operative societies are working in the South of the Monarchy. But their affiliated societies are divided over the whole territory in which the Slovene language prevails, so that in the countries in question, Southern Styria, Carinthia, Carniola and the Littoral, numerous federations are often found in the same locality. This state of

things, which, from many points of view, is, naturally, detrimental, has resulted in each of the federations endeavouring gradually to mark off the field of its operations from that of the other federations; it is true that political considerations have had their part in this delimitation of the separate spheres of action.

The federation has suffered economically in recent years and especially in the field of viticulture and livestock improvement in the Southern districts of the Monarchy.

To this must be added the failure of two co-operative societies in the South of the Monarchy; these failures have caused an uneasy feeling among the co-operative societies of all the Southern regions and in the whole population without distinction of nationality. But it appears that the (G) federation has now surmounted the crisis and is energetically consolidating its business.

The principal duty of the federation, in addition to its action as a clearing house and its work as a consulting office, consists, in the opinion of its affiliated societies. The Federation publishes a monthly review, the *Zadruga* (Co-operative) and organizes regular lectures and courses of instruction for the lecturers and for the officers of the societies.

## § 2. THE LAIBACH ZADRUZNA ZVEZA (REGISTERED CO-OPERATIVE SOCIETY, LTD.).

The most important federation of co-operative societies in the South is the Laibach Zadružna zveza, to which about two thirds of the Slovene co-operative societies are affiliated. The federation was formed in 1898 as a union under the name of Gospodarska zveza. In 1900 the union was transformed into a co-operative society with limited liability, the duties of which were to inspect its affiliated societies and to act as an intermediary for goods business. In 1903 the organization was completed by the institution of a clearing house. The continual increase in the goods business and the increasing demands of the affiliated societies determined the management in 1904 to modify the organization so as to entrust the goods business to a new co-operative society, namely the agricultural federation "Gospodarska zveza", a registered co-operative society in Laibach, whilst the former federation, under the new title of *Zadružna zveza*, continued its advisory, inspection and clearing work. The *Zadružna zveza*, from the start, has extended its operations over all the Slovene regions of the Monarchy; in view of the large extent of its field of action and the great distance there is often between the headquarters of the federation and the affiliated societies applying to it has been necessary to found auxiliary sections of the federation of which there are at present 4, namely: at Marburg (Styria), Klagenfurt (Carinthia), Pola (Littoral) and Spalato (Dalmatia). These auxiliary sections, in addition to the work of inspection, also perform the duties

gal advisers and serve as offices of information. Clearing house business is conducted at the central head quarters. It is proposed shortly to transform the auxiliary sections into regional federations.

At the end of 1910, 642 societies were affiliated to the federation, against 543 in 1909.

These societies are distributed as follows among the various regions in which they work:

	Co-operative Credit Societies	Agricult. Co-oper. and Distributive Societies	Co-operative Dairies	Co-op. Livestock Improvement Societies	Co-op. Soc. for the Utilisation of Machinery	Co-operative Banks	Building Societies	Industrial Societies	Central Co-oper. Societies	Miscellaneous Societies	Total
Carinthia . . . . .	163	26	44	47	19	4	3	10	4	3	323
Styria . . . . .	93	5	1	—	1	—	2	—	3	—	105
Carinthia . . . . .	34	1	1	1	—	—	—	—	1	—	38
Gorizia . . . . .	3	2	2	—	—	1	—	—	—	—	8
Trieste . . . . .	3	3	—	—	—	—	—	—	—	—	6
Istria . . . . .	44	35	3	—	—	1	—	—	1	1	85
Dalmatia . . . . .	61	7	—	—	—	—	—	—	9	—	77
Total . . . . .	401	79	51	48	20	6	5	10	18	4	642

The co-operative societies shown in the last column but one are the following:

- (1) The Agricultural Federation, "Gospodarska zveza", at Laibach;
- (2) The Dairy Federation, "Mlekarska Zveza", at Laibach;
- (3) A Federation for the Improvement of Livestock; and
- (4) The Istrian Agricultural Federation, "Gospodarska zveza,"

at Pola.

In the course of the year 1912, 50 co-operative societies joined the federation; of which 12 were Raiffeisen Banks, 18 co-operative societies for livestock improvement; and 7 co-operative societies for purchase and sale. In the same year 26 co-operative societies withdrew from the federation, so that at the end of the year it had 666 members. The total business done was very considerable. According to the balance sheet for 1911 — that for 1912 had not yet been published at the date of writing — the shares amounted at the end of the year to 362,860 crowns; the reserve fund to 10,000 crowns and the special reserve fund to 10,434 crowns. The deposits amounted altogether to 14,506,156 crowns, the bills and acceptances entered on the balance sheet as 563,755 crowns; the credits in current account as 12,604,335 crowns, and the net profit as 38,025.83 crowns. Of the profits the amount of 8,025 crowns was placed to the reserve fund.



The federation gives special attention to the encouragement of the professional instruction of the staff of the societies. By its efforts, courses of instruction in co-operation have been organized in the various crown lands in which it works. Besides, a special section for permanent courses in co-operation, lasting six months each year, has been started at the Laibach Slovene commercial school and the officers of the federation impart instruction in it.

The most important society affiliated to the federation is the Laibach Gospodarska zveza, already mentioned: it is a limited liability co-operative society, exclusively occupied in goods business. At the end of 1911 it had 663 members, of which 91 were co-operative societies. The total amount of business done by it in 1911 was 4,171,925 crowns and in the first six months of 1912, 3,152,330 crowns. The articles it specially dealt in were maize, bran, basic slag, superphosphates, kainite, hay, wine and agricultural machinery.

It is well to observe that the local government of Carniola takes a deep interest in co-operation. It is to be observed in this connection that in November last year the delegates of the communes, in virtue of decisions previously taken by the Diet, adopted a decision, to the effect that the local government of Carniola should become security for all the savings deposits in the co-operative loan and savings banks of the province. As a general condition it was laid down that the unions in behalf of which the local government becomes security must be members of the Laibach Zadruška zveza and be registered either at the regional court of Laibach or the district court of Rudolfsort. As special conditions, amongst others, it was stipulated that the unions must accept the institution of a regional commissioner who must be invited to attend the meetings of the board of management and council of supervision and have full right to inspect the whole conduct of the business; and also that the unions may only grant loans in excess of 3,000 crowns with the consent of the *Zadružna zveza* and that they must undertake to contribute annually to the "regional guarantee fund of the co-operative societies" (*Landesgenossenschaftsgarantiefonds*) a certain amount, calculated at a fifth of their net profit in the preceding year. The fund in question is intended to meet the special requirements of co-operation.

FEDERATION OF THE AGRICULTURAL CO-OPERATIVE SOCIETIES AND  
UNIONS OF GORITZ (GORISKA ZVEZA, REGISTERED CO-OPERATIVE SOCIETY, LTD).

Gospodarski zadrug in Drusljev, Registered Society Ltd., Goritz.

This federation was formed in 1904 by about 25 co-operative societies. Its field of action extends over the Slovene part of the county of Goritz and Gradiska, which has been raised to the rank of a principality. The federation at the end of 1911 included 87 affiliated societies, namely: 4 Raiffeisen banks, 2 loan banks, 17 co-operative dairies, 1 co-operative livestock improvement society 3 co-operative brewers' societies, 1 co-operative

horticultural society, 8 co-operative distributive societies and 6 other cellaneous co-operative societies. The federation had at the end of 1911, a share capital of 5,400 crowns and a reserve fund of 7,786 crowns. Deposits amounted to 1,475,299 crowns, and the credits to 867,496 crowns. The total working capital was 5,209,581 crowns. Since its formation, the federation has specially devoted itself to goods business. In 1911 it bought in all 67  $\frac{1}{2}$  truckloads of farm requisites (artificial manure, food, provisions, sulphate of copper, and sulphur) for a total amount of 260,123 crowns.

The management of the federation also undertakes the education of officers of the co-operative societies. Since the formation of the federation, yearly courses have been organized on agricultural and economic subjects.

Besides in 1910 the federation began studying the question of métairie. A chase has been made for the purpose of a large area of land to be subdivided and sold in lots to individual métayers. This operation has been tried out satisfactorily, most of the lots being now already sold.

Besides the abovementioned federations there is also a federation of Slovene co-operative societies which has not yet adhered to the General Austrian Agricultural Federation of which the above three are members. It means the following.

#### § 4. FEDERATION OF SLOVENE CO-OPERATIVE SOCIETIES. (ZVEZA SLOBENSKIH ZADRUG).

This federation, founded in 1907, also extends its action over Carinthia, Styria, Carinthia and the Littoral. At the end of 1911, there were 10 co-operative societies affiliated to it, namely: 64 Raiffeisen banks, 30 Schulze-Delitsch loan banks, 29 co-operative distributive societies, 9 co-operative dairies, 8 co-operative building societies and 8 miscellaneous co-operative societies. According to the balance sheet of 1911, it had a share capital of 89,060 crowns; the loans amounted to 204,000 crowns, the deposits to 2,785,044 crowns, the credits to 2,989,010 crowns and the total working capital to 30,799,849 crowns.

Slovene co-operation in Austria has exceeded all expectation in its rapid development. It is easy to understand that this has been extensive rather than thorough. The recent years of agricultural crisis in the South of the Monarchy, as was inevitable, when the rapid development is considered, brought to light very observable defects in the organization of the societies and in the despatch of their business. It seems, however, that the crisis is now passed, and all the federations are working successfully to improve the organization of their societies and render it more thorough. The most important problem before the Slovene co-operative societies is that of the delimitation of the field of action of the four competing federations. This will have to be solved soon and we may foresee that a new period of progress for Slovene co-operation will then ensure.

## CANADA.

### CO-OPERATIVE CREDIT ASSOCIATIONS IN CANADA

*The following article has been supplied to us by MR. T. K. DOHERT  
Canadian Correspondent of the International Institute of Agriculture, and  
whose directions it was prepared.*

#### § 1. LA CAISSE POPULAIRE.

This system of co-operative credit was introduced into the Province of Quebec in December, 1900, when "La Caisse Populaire de Lévis" began business. Its introduction was brought about by Mr. Alphonse Desjardins who, having studied the co-operative credit system in Germany, France, Holland and Denmark, became convinced that the establishment of such societies in Canada would be highly beneficial.

As there was no law providing for the establishment of these institutions, La Caisse remained a purely voluntary institution for the first six years of its existence, during which time only two other societies were organized. Largely through the efforts of Mr. Desjardins the Quebec Syndicates Act was passed in 1906. It is described as "an act to regularize the formation of co-operative societies among the labouring classes of the province, . . . . going into force on the date of its sanction. It provided for the formation of production, consumption and credit associations of a co-operative character at any place in the province, the territory within which an association is empowered to operate being confined to the limits of a provincial electoral district. The responsibility of members of co-operative associations is to be limited to the amount of their respective shares, only persons domiciled within the limits of the association being permitted to become members."

The immediate result of the passing of this law was an awakening of interest in co-operative credit in the entire province, and the success of the system has been complete. In 1912 there were 98 Caisses Populaires in the Province of Quebec, besides several in Ontario. These associations are without exception doing well, and their number is rapidly increasing.

## § 2. ADMINISTRATION.

The administration of each association is carried on by three commissions or committees: the Council of Administration composed of at least 5 members, more often of 9; the Committee on Credit of three or four members; and the Committee of Supervision of 3 members.

The Council of Administration is chosen from among the shareholders by a vote of the general meeting. They hold office for two years. There are nine members of the Council, 5 retire by lot at the end of the year, and the remaining four at the end of the second year. At its first sitting the Council chooses a president, a vice-president and a secretary, who form the executive of the Board and besides, act as president, vice-president and secretary of the association.

The powers of the Council of Administration are extensive. They control the admission of new members, determine the conditions upon which stock may be transferred or withdrawn, and "take all the measures they deem advisable in the interest of the association not within the jurisdiction of the general by-laws or law." They also choose the paid manager who has access to their meetings, keeps the books, signs documents as the representative of the society, and under the supervision of the Council and Committees, conducts the business of the Bank.

The Committee on Credit consists of the president and four shareholders appointed at the general meeting. They determine the credit which may be allowed to each member, and pass upon applications for loans. If they refuse to grant a loan the shareholder concerned may appeal to the Council of Administration. The members of this committee must know or make themselves acquainted with the financial standing and moral character of every borrower, and none of them may borrow from the association or become surety for any loan made during his term of office.

The Committee of Supervision, elected by the shareholders, forms a permanent board of supervision, audit and general criticism, which watches over all the operations of the society. If they find anything amiss they must report in writing to the Council of Administration, and under extraordinary circumstances, they have power to suspend the operations of the association until a meeting of the shareholders considers the situation.

## § 3. OBJECTS OF THE ASSOCIATIONS.

The objects of the Caisses Populaires are well embodied in the first article of the constitution of "La Caisse Populaire de Levis," which is as follows:

1. To protect its members against reverses of fortune, the results of forced idleness, sickness and want, by teaching them the inappreci-

able benefits of wise providential measures based on mutual assistance and co-operation, and, in particular, by instilling and developing in them the taste for, and the constant and energetic practice of, economy on the most modest scale ;

2. To aid them by a wise and prudent system of credit in the shape of loans and advances, the proposed employment whereof must be communicated to the association, be approved by it, and be in accordance with the spirit in which it is founded ;

3. To enable persons devoid of fortune, but who are honest and laborious, to form part of the association by granting them facilities for paying up their shares in the capital stock by means of very small weekly instalments ;

4. To secure the practice of the Christian and social virtues that mark the good citizen, the honest, laborious and honourable worker, by exacting, above all, moral warranties of the highest order from the shareholders who borrow from the association ;

5. To combat usury by means of co-operation, by providing all who are deserving of the same, through their fondness for work, their skill and the integrity of their conduct, with the moneys they require for carrying on their business or occupation, thereby making them independent of lenders who levy exorbitant commission or interest, or of those who impose too onerous conditions in connection with credit ;

6. To foster the spirit of enterprise and promote local works, whether of an industrial or agricultural character, by the prudent use of the savings effected within the district covered by the association's operations ;

7. To spread amongst its members a practical knowledge of the elementary principles of economic science ;

8. To teach them respect for their engagements, and also the advantages inevitably derived by those who faithfully fulfil the obligations they have undertaken ;

9. To create and foster mutual confidence between shareholders by means of economic relations based on the security of warranties of a high character, inasmuch as they are founded in a very great measure on morality, honesty, order, love of work and prudence ;

10. To gradually procure them — by persevering efforts towards securing economy and consequently a just measure of credit — that economic independence which inspires and fosters the feeling of personal dignity, and convinces one of the need of relying above all upon oneself to improve one's position and raise oneself in the social scale.

#### § 4. CAPITAL OF THE ASSOCIATIONS.

The capital of each association is variable, and is raised by selling shares and by receiving deposits. The share capital is designed to furnish the more stable portion of the association's funds and the buying of shares is encouraged by a somewhat higher rate of interest than on

had in the ordinary savings bank. The shares, generally \$5 each, are paid for in small weekly and monthly instalments, and on the basis of these shares the profits are distributed. Application for membership must come before the Council of Administration for approval, and according to the constitution of the association, the applicant must be honest, punctual in his payments, sober and of good habits, industrious and laborious." A member must be expelled if he becomes bankrupt or insolvent, or should he in any way abuse the privileges of the society through any violation of the constitution or by-laws. The amount of stock which a member may hold is limited and each member has only one vote no matter how much stock he holds. The limit was fixed in the Levis society at \$125 or 25 shares of stock. The amount which each member may hold has since been raised. The liability of each shareholder is limited to the amount of stock he holds. Any person may withdraw from membership and receive back the instalments which he has paid on his shares, by giving thirty days' written notice to the Council of Administration. In some of the associations, even the thirty days' notice is waived and a shareholder may at any time receive cash for his stock.

The members of an association may deposit their savings in amounts not less than five cents, and on all deposits current savings-bank rates of interest are allowed. A school-children's savings department is also maintained. Each member making a deposit is given a pass book in which each withdrawal or new deposit is entered as in ordinary banking.

The "Caisses Populaires" confine their business almost entirely to their own membership. Loans and discounts are granted only to members, and from members alone are savings and other deposits received.

If a society requires more funds than it receives from its members it may contract for loans from outsiders. Reserve funds may be invested in sound business enterprises, and the working surplus of a society may be kept on deposit in a regular chartered bank. Apart from these three classes of transactions the business of the association is strictly confined to the membership.

#### § 5. LOANS.

The granting of loans lies with the Committee on Credit. Loans may be granted on the note or acknowledgment of the borrowing shareholders; or the Committee may decide that the loan shall be guaranteed by one or two other solvent members. According to Article 51, the Committee must, above all, consider and obtain accurate information with regard to the honour, the spirit of order, the activity, honesty and ability of the borrower, for such are the chief warranties required by the association."

In his application, the borrower must state the purpose for which he wishes the loan, and this purpose must conform with the aims of the association. The advantage and convenience of the borrower is carefully considered both as to the time and manner of repayment, and as to the rate of interest charged, the instalment plan of repayment being always encouraged when it is possible. The instalments may be placed on deposit and draw interest until enough has been accumulated to pay the debt in full; or by special arrangement, the instalments may be applied directly in reducing the debt, interest being charged only on the unpaid portions for the time which elapses from the granting of the loan until such instalment is paid. It is considered a point of honour that the borrower live strictly up to the terms of his agreement.

The aim of an association being to benefit the greatest possible number of members a number of small loans to different persons are given the preference, all things being equal, over one large loan. A member in a position to use a large amount profitably can generally obtain it from a chartered bank, while the poorer member has probably no security which he can offer. The general meeting fixes annually the amount which may be loaned to any individual shareholder. Below the limit thus set the Committees on Credit exercise their own discretion.

Although the associations offer decided advantages from the standpoint of the borrower, substantial profits accumulate in their treasuries. For example, during the fiscal year ending November 30th, 1909, the profits of the Levis Society were \$4,861.72.

#### § 6. COST OF OPERATION AND DISTRIBUTION OF PROFITS.

The running expenses of the associations are invariably light. The only official of a regular society is the business manager, and he is paid according to the time he devotes to the work of the society. He is generally someone who can give time to the affairs of the bank without interfering too much with his regular occupation. The salary of the manager of the Levis Society in 1909 amounted to \$463.45. Other expenses, such as printing, lighting, heating, and occasional travelling expenses do not amount to a large sum. After payment of the general costs of operation comes the claim for interest on deposits of which the society has had the use.

Twenty per cent. of the net profits of each year, as well as ten cents on each share paid as an entrance fee, is put aside as a reserve fund. This is done each year until the fund reaches a maximum of double the amount distributed in profits on the paid-up stock of any year. The reserve fund is invested by the Council of Administration in such ways as are attended with a minimum of risk.

Each association has also a Provident Fund constituted by means of an per cent. assessment on the profits of each year until the fund has a maximum of one half of the yearly profits distributed on the paid-up stock.

The assessments for both the reserve and provident funds may be increased or decreased by vote of the general meeting.

After all these claims have been met comes the distribution of dividends on the paid up stock. Shares not paid up when the year ends can receive dividends in proportion to the time elapsed since the last dividend was paid.

The following from the Ninth General Report of La Caisse Populaire Lévis will serve to illustrate what has been said about expenses and distribution of profits:

Profits for the year ending Nov. 30, 1909 . . .	\$ 4,861.72
General expenses for the year . . . . .	463.45
Interest on savings deposits for the year . . .	<u>592.53</u>

Leaving a net balance of. . . . \$ 3,805.74

Reserve fund standing from last year. . . .	\$ 4,101.87
Entrance fees for current year . . . . .	283.35
Twenty per cent. of net profits. . . . .	<u>761.15</u>

Present reserve fund. . . . . \$ 5,146.37

Provident fund standing from last year . . .	\$ 912.59
Ten per cent. of net profits. . . . .	<u>380.57</u>

Present provident fund. . . . . \$ 1,293.16

Then drawing on the surplus to the extent of \$46.86, a dividend of four and a half per cent. was declared on the paid-up stock for the year, making a total of \$2,710.88 distributed in dividends on the 12,953 shares of stock which were paid up in time to participate in the yearly distribution of profits. Summing up the reserves as they stand at the end of the year we have:

Reserve fund . . . . .	\$ 5,146.37
Provident fund . . . . .	1,293.16
Undivided surplus. . . . .	<u>337.78</u>

Total "patrimoine" . . . . . \$ 6,777.31



## § 7. WORK OF THE RURAL CAISSES POPULAIRES.

The majority of the Caissez Populaires are in the cities and villages. The following statement of the business done by some rural associations in the Province of Quebec, will however, show to what extent the system is taking hold among farmers :

Name of Association	Time in Operation.	Assets.	Total Amount of Operations	Loans.	Reserve Fund.
		\$	\$		\$
St. Ulric de Matane . . .	32 months	23,209	91,832	53,432	436
Armagh . . . . .	27 "	27,000	268,159	32,843	700
St. Narcisse de Champlain. 25 "		17,311	180,558	76,657	—
St. Isidore de Dorchester .	4 ½ years	26,776	83,424	30,800	—
St. Felix de Kingsey. . .	Since July 1911	5,358	13,467	7,501	—
St. Charles de Bellechasse.	3 yrs. 7 mos.	40,753	157,494	63,798	—
St. Prosper . . . . .	—	7,896	38,945	23,298	171
St. Gertrude de Nicolet .	1 year	3,642	42,667	4,070	—
St. Jean des Piles . . .	21 months	11,974	41,251	21,792	147
St. Theophile. . . . .	34 months	6,303	68,124	65,035	—
St. Germaine de Dorchester	5 weeks	5,368	6,503	1,134	—

## FRANCE.

### AGRICULTURAL CO-OPERATION IN FRANCE (1).

#### A. — CO-OPERATIVE SOCIETIES FOR PRODUCTION, TRANSFORMATION, PRESERVATION AND SALE (*Continued*).

#### II. — « FRUITIÈRES » AND CHEESE FACTORIES.

The *Fruitières* and Cheese Factories are very probably the most ancient manifestations of agricultural co-operation in France. Therefore it is particularly interesting to consider the influence the law of December 29th, 1906 has had on the development of this class of societies.

These societies have been almost always founded in mountain districts, difficult of approach where the farmers would have found it difficult to sell their produce day by day. Quite naturally the mountain farmers were led to utilise the milk of their cows for making cheese: it was so the only way they had of deriving a profit from it. But as cheese-making requires that a large quantity of milk should be collected at one time, and as, on the other hand, in mountain districts there are generally only small farms, the farmers were in some measure compelled to unite in associations. They therefore had already had their education in co-operation when the law of December 29th., 1906 was passed. They were not slow to understand all the advantages of it and to make large appeal to the State for advances. In 1909, 4 *fruitières* had obtained advances; in 1912 the number of these was 103 and the advances they had obtained amounted to 2,167,700 frs.

Thanks to the pecuniary assistance thus received it has been possible to reconstitute the old societies and found new ones: they have all had the means of profiting by all the modern technical improvements for their equipment, and of buying boilers, electric motors, etc. They have also been enabled to obtain useful information as to the best markets for their produce, themselves to treat the milk or to make profitable contracts with dairymen. The continually increasing advance of these societies, thanks to the 1906 law, is a striking proof of the good work it is destined to effect.

(1) See *Bulletin of Economic and Social Intelligence*, April, 1913, page 30. Let us mention that this article has been forwarded to us directly by the French Government.

Name of the Society	Date of Foundation	Term	Form	Paid up Capital
Co-operative Society of Amancy (Haute-Savoie) . . . . .	January 9th., 1910	20 years	Civil	10,6
— of Andelot en Montagne (Jura) . . . . .	Feb. 1st., 1912	30 "	"	13,0
— of Arbuisigny (Haute-Savoie) . . . . .	Dec. 17th., 1911	25 "	"	14,3
— of Archamps (Haute-Savoie) . . . . .	Sept. 1st., 1910	20 "	"	33,0
— of Arthaz - Pont - Notre - Dame (Haute-Savoie) . . . . .	March 29th., 1908	17 "	"	12,30
— of Avouson (Ain) . . . . .	Nov., 26th., 1911	30 "	"	8,00
— of Ayze (Haute-Savoie) . . . . .	Feb. 11th., 1912	30 "	"	13,00
— of Barretaine (Jura) . . . . .	Feb. 2nd., 1910	unlimited	"	2,50
— of Bonneville (Haute-Savoie) . . . . .	Nov. 5th., 1911	Do.	"	22,50
— of Bons (Haute-Savoie) . . . . .	Aug. 28th., 1910	25 yea	"	15,00
— of Bornettes at St. Pierre de Rumilly (Haute-Savoie) . . . . .	April 9th., 1911	unlimited	"	10,90
— of Breteigny (Ain) . . . . .	Feb. 25th., 1909	30 years	"	547
— of Burdignin (Haute-Savoie) . . . . .	Dec. 8th., 1910	30 "	"	18,20
— of Carroz at Araches (Hte-Savoie) . . . . .	June 5th., 1910	99 "	"	11,44
— of Chaille at Beaumont (Haute-Savoie) . . . . .	Feb. 28th., 1909	20 "	"	7,30
— of Challes-la-Montagne (Ain) . . . . .	June 5th., 1910	unlimited	Commere.	6,00
— de Challes-les-Eaux (Savoie) . . . . .	May 16th., 1909	18 "	Civil	9,85
— of la Champagne at Marcellaz (Haute-Savoie) . . . . .	Dec. 11th., 1910	25 "	"	9,60
— of Chappes at Thorens (Haute-Savoie) . . . . .	March 9th., 1911	30 "	"	12,00
— of Charvonnex (Haute-Savoie) . . . . .	Dec. 11th., 1908	unlimited	"	10,00
— of Château du Songel (Haute-Savoie) . . . . .	Dec. 26th., 1911	25 years	"	25,00
— of Chénex (Haute-Savoie) . . . . .	January 2nd., 1896	30 "	"	8,00
— of Chessenas (Haute-Savoie) . . . . .	Aug. 20th., 1911	30 "	"	12,50
— of Chevrier (Haute-Savoie) . . . . .	March 26th., 1911	20 "	"	16,00
— of Cherry-Dessous (Ain) . . . . .	Feb. 16th., 1909	30 "	"	11,00
— of Chevery-Prol (Ain) . . . . .	Jan. 22nd., 1911	60 "	"	15,00
— of Ches Thollay (Haute-Savoie) . . . . .	Feb. 4th., 1912	20 "	"	5,00

Number of Cows owned by Members	Advances Granted					Term	Rate	Regional Banks acting as Intermediaries
	1908	1909	1910	1911	1912			
100	—	—	6,000	—	—	15	2 %	Haute-Savoie.
229	—	—	—	—	20,000	15	1.50	Jura.
152	—	—	—	—	28,000	15	2 %	Haute-Savoie.
248	—	—	—	66,000	—	15	2 »	Haute-Savoie.
350	—	—	20,000	—	—	15	2 »	Haute-Savoie.
120	—	—	—	—	10,000	15	2 »	Ain.
337	—	—	—	—	25,000	15	2 »	Haute-Savoie.
200	—	—	—	5,000	—	10	1.50	Bourgogne et Franche-Comté.
242	—	—	—	—	45,000	15	2 %	Haute-Savoie.
250	—	—	—	25,000	—	15	2 »	Haute-Savoie.
285	—	—	—	20,000	—	15	2 »	Haute-Savoie.
130	—	10,000	—	—	—	12	2 »	Ain.
184	—	—	—	—	30,000	15	2 »	Haute-Savoie.
158	—	—	—	22,800	—	15	2 »	Haute-Savoie.
75	—	—	—	15,000	—	15	2 »	Haute-Savoie.
210	—	—	12,000	—	—	15	2 »	Ain.
172	—	—	18,000	—	—	15	2 »	Savoie.
238	—	—	—	19,000	—	15	2 »	Haute-Savoie.
175	—	—	—	24,000	—	15	2 »	Haute-Savoie.
200	—	—	20,000	—	—	15	2 »	Haute-Savoie.
266	—	—	—	—	45,000	15	2 »	Haute-Savoie.
145	—	—	—	—	12,000	10	2 »	Haute-Savoie.
140	—	—	—	—	25,000	15	2 »	Haute-Savoie.
190	—	—	—	32,000	—	15	2 »	Haute-Savoie.
120	—	5,200	—	—	—	12	2 »	Ain.
200	—	—	—	6,000	—	12	2 »	Ain.
84	—	—	—	—	10,400	15	2 »	Haute-Savoie.

Name of the Society	Date of Foundation	Term	Form	Paid up Capital
Co-operative Society of Chindrieux (Savoie) . . . . .	March 29th., 1908	50 years	Civil	10,000
— of Collonges sous Salèves (Haute-Savoie). . . . .	Feb. 4th., 1908	unlimited	"	4,000
— of Contrevoz (Ain) . . . . .	Jan. 8th., 1911	99 years	"	4,600
— of Cranves-Sales (Haute-Savoie)	Jan. 12th., 1912	17 "	"	22,000
— of la Crétaz (Haute-Savoie) . .	July 2nd., 1911	25 "	"	9,700
— of la Croisette (Haute-Savoie).	Nov. 13th., 1911	30 "	"	7,500
— of Crys (Haute-Savoie) . . . .	April 9th., 1910	30 "	"	12,000
— of Desingy (Haute-Savoie) . .	May 17th., 1904	25 "	"	8,100
— of Eloise (Haute-Savoie) . . .	Jan. 15th., 1911	99 "	"	10,000
— of Epincuse (Haute-Savoie) . .	Feb. 23d., 1912	25 "	"	8,000
— of Eoires (Haute-Savoie). . . .	Feb. 25th., 1912	30 "	"	14,000
— of Fillinges (Haute-Savoie) . .	May 7th., 1910	30 "	"	15,000
— of la Forge Neydens (Hte-Savoie)	April 10th., 1907	10 "	"	12,000
— of Frangy (Haute-Savoie) . . .	Feb. 10th., 1904	unlimited	"	10,000
— of Germagny Essertel (Haute-Savoie). . . . .	Dec. 18th., 1910	20 years	"	13,140
— of Habère-Lullin (Haute-Savoie)	Dec. 29th., 1910	30 "	"	28,000
— of Habère-Poche (Haute-Savoie)	Aug. 10th., 1910	30 "	"	15,000
— of la Contral (Haute-Savoie) . .	March 8th., 1911	40 "	"	14,000
— of Lancrans (Ain) . . . . .	Feb. 22nd., 1910	unlimited	"	12,340
— of Lathoy (Haute-Savoie) . . .	Jan. 18th., 1908	do.	"	3,700
— of l'Eculaz (Haute-Savoie) . . .	Sept. 18th., 1910	25 years	"	12,800
— of Malclimps (Haute-Savoie) . .	Jan. 18th., 1912	20 "	"	12,660
— of Marais at Pus-Jussy (Haute-Savoie). . . . .	Sept. 25th., 1910	25 "	"	15,140
— of Marignier le Pont (Haute-Savoie). . . . .	Jan. 1st., 1912	40 "	"	6,800
— of Marin (Haute-Savoie) . . . .	Jan. 1st., 1910	unlimited	"	7,000
— of Marraz (Haute-Savoie). . . .	Oct. 16th., 1909	do.	"	9,000
— of Meuthières (Ain) . . . . .	June 18th., 1911	30 years	"	11,600
— of Menthonnex en Bornes (Haute-Savoie) . . . . .	Jan. 26th., 1910	20 "	"	16,000

(continued).

Number of Cows owned by Members	Advances Granted					Term	Rate	Regional Banks acting as Intermediaries
	1908	1909	1910	1911	1912			
310	—	20,000	—	—	—	12	2 %	Savoie.
80	—	—	8,000	—	—	15	2 »	Haute-Savoie.
90	—	—	—	9,000	—	15	2 »	Ain.
180	—	—	—	—	18,000	15	2 »	Haute-Savoie.
150	—	—	—	—	19,400	15	2 »	Haute-Savoie.
36	—	—	—	—	10,000	15	2 »	Haute-Savoie.
160	—	—	24,000	—	—	15	2 »	Haute-Savoie.
230	—	—	—	16,000	—	15	2 »	Haute-Savoie.
120	—	—	—	20,000	—	15	2 »	Haute-Savoie.
82	—	—	—	—	16,000	15	2 »	Haute-Savoie.
202	—	—	—	—	28,000	15	2 »	Haute-Savoie.
215	—	—	—	30,000	—	15	2 »	Haute-Savoie.
130	—	—	22,000	—	—	15	2 »	Haute-Savoie.
280	—	—	—	—	20,000	15	2 »	Haute-Savoie.
133	—	—	—	18,000	—	15	2 »	Haute-Savoie.
311	—	—	—	50,000	—	15	2 »	Haute-Savoie.
157	—	—	—	30,000	—	15	2 »	Haute-Savoie.
200	—	—	—	28,000	—	15	2 »	Haute-Savoie.
220	—	—	9,600	—	—	15	2 »	Ain.
71	—	—	6,500	—	—	15	2 »	Haute-Savoie.
150	—	—	—	25,000	—	15	2 »	Haute-Savoie.
140	—	—	—	—	20,000	15	2 »	Haute-Savoie.
165	—	—	—	25,000	—	15	2 »	Haute-Savoie.
168	—	—	—	—	12,000	10	2 »	Haute-Savoie.
200	—	—	—	13,000	—	15	2 »	Haute-Savoie.
130	—	—	18,000	—	—	15	2 »	Haute-Savoie.
112	—	—	—	—	12,000	15	2 »	Ain.
145	—	—	32,000	—	—	15	2 »	Haute-Savoie.

II.

Name of the Society	Date of Foundation	Term	Form	Paid up Capital
Co-operative Society of Meythel-Gillon Brassilly (Haute-Savoie) . . .	Oct. 20th., 1909	Unlimited	Civil	15,000
— of Mlery (Jura) . . . . .	June 1st., 1910	20 years	"	19,000
— of Monlaz (Haute-Savoie) . . .	August 1st., 1911	Unlimited	"	5,500
— of Mont. Saxonnex (Haute-Savoie) . . . . .	Nov. 6th., 1910	20 years	"	13,125
— of Mouchard (Jura) . . . . .	July 11th., 1909	Unlimited	"	6,700
— of Mouilles at Neydens (Haute-Savoie) . . . . .	March 11th., 1911	15 years	"	11,000
— of la Muraz (Haute-Savoie) . .	Jan. 18th., 1911	20 "	"	11,000
— of Murcier Savigy (Hte-Savoie) .	April 12th., 1911	30 "	"	19,583
— of Noirel, Féchy and Rouzier (Haute-Savoie) . . . . .	January 1st., 1910	25 "	"	13,760
— of Passeirier (Haute-Savoie) . .	Feb. 3rd., 1894	Unlimited	"	3,445
— of Poncin (Ain) . . . . .	March 12th., 1911	30 years	"	10,195
— of Pougny (Ain) . . . . .	Feb. 16th., 1902	30 "	"	7,000
— of Pré-Crémé at St. Cergues (Haute-Savoie) . . . . .	July 23rd., 1911	Unlimited	"	16,000
— of Pré-Gavard (Haute-Savoie) .	April 30th., 1912	30 years	"	6,120
— of Prégny at St. Genis de Pouilly (Ain) . . . . .	Feb. 24th., 1909	30 "	"	2,550
— of Prémillieu (Ain) . . . . .	April 5th., 1911	50 "	"	6,500
— of Présilly (Haute-Savoie) . .	April 25th., 1910	25 "	"	21,000
— of Rassier at Cercier (Haute-Savoie) . . . . .	Feb. 2nd., 1910	12 "	"	12,000
— of Rennes (Doubs) . . . . .	August 3rd., 1911	30 "	"	6,000
— of la Rivière at Chézery (Ain) .	Nov. 14th., 1909	Unlimited	"	5,890
— of Reignier (Hte-Savoie) . . .	April 20th., 1912	25 years	"	19,000
— of Roc-St. Louis at Montmorillon (Vienne) . . . . .	Nov. 12th., 1911	25 "	"	29,380
— of St. Didier (Haute-Savoie) .	March 16th., 1912	40 "	"	12,200
— of St. Germain sur Rhône (Haute-Savoie) . . . . .	March 17th., 1912	20 "	"	10,700
— of St.-Jean de la Porte (Savoie) .	April 26th., 1908	Unlimited	"	12,800
— of St. Laurent (Haute-Savoie) .	Oct. 22nd, 1911	50 years	"	12,000

(continued).

Number of Cows owned by Members	Advances Granted					Term	Rate	Regional Banks Acting as Intermediaries
	1908	1909	1910	1911	1912			
170	—	—	25,000	—	—	15	2 %	Haute-Savoie.
212	—	—	—	—	33,000	15	1,50	Jura.
115	—	—	—	—	11,000	15	2 %	Haute-Savoie.
283	—	—	—	—	22,000	15	2 »	Haute-Savoie.
86	—	—	13,000	—	—	15	1,50	Jura.
170	—	—	—	22,000	—	15	2 %	Haute-Savoie.
180	—	—	—	22,000	—	15	2 »	Haute-Savoie.
230	—	—	—	20,000	—	15	2 »	Haute-Savoie.
160	—	—	—	27,500	—	15	2 »	Haute-Savoie.
88	—	—	—	—	4,000	15	2 »	Haute-Savoie.
150	—	—	—	—	20,000	15	2 »	Ain.
78	—	—	—	14,000	—	15	2 »	Ain.
200	—	—	—	12,000	—	15	2 »	Haute-Savoie.
145	—	—	—	—	12,000	15	2 »	Haute-Savoie.
85	—	4,000	—	—	—	12	2 »	Ain.
140	—	—	—	—	13,000	15	2 »	Ain.
170	—	—	34,000	—	—	15	2 »	Haute-Savoie.
240	—	—	—	15,000	—	12	2 »	Haute-Savoie.
85	—	—	—	12,000	—	15	1,50	Doubs.
80	—	—	10,000	—	—	15	2 %	Ain.
220	—	—	—	—	36,000	15	2 »	Haute-Savoie.
772	—	—	—	—	52,000	15	2 »	Vienne.
200	—	—	—	—	20,000	15	2 »	Haute-Savoie.
85	—	—	—	—	21,400	15	2 »	Haute-Savoie.
220	—	—	20,000	—	5,000	15	2 »	Savoie.
350	—	—	—	—	18,000	15	2 »	Haute-Savoie.



Name of the Society	Date of Foundation	Term	Form	Paid up Capital
Co-operative Society of St. Pierre d'Arbigny . . . . .	May 19th., 1911	30 years	Civil	18,49
— of St. Sixt (Haute-Savoie) . .	July 1st., 1912	99 "	"	5,00
— of St. Sylvestre (Haute-Savoie)	July 24th., 1910	30 "	"	9,16
— of Sales (Haute-Savoie) . . .	Oct. 24th., 1909	30 "	"	14,00
— of Sappey (Haute-Savoie) . . .	Oct. 17th., 1909	17 "	"	10,00
— of Scionzier (Haute-Savoie) . .	April 10th., 1908	Unlimited	"	13,37
— of Scysse (Haute-Savoie) . . .	May 1st., 1910	"	"	36,11
— of Sillingy (Haute-Savoie) . . .	Jan. 27th., 1907	30 years	"	20,00
— of Thiez-la-Plaine (Hte-Savoie)	January 1st., 1912	40 "	"	7,70
— of Thuel at Ponchy (Hte-Savoie)	March 30th., 1911	15 "	"	8,60
— of la Tour d'en Haut (Hte-Savoie)	July 30th., 1911	30 "	"	13,00
— of Valleiry (Haute-Savoie) . . .	January 1st., 1909	Unlimited	"	30,75
— of Vanzy (Haute-Savoie) . . . .	August 13th., 1911	30 years	"	10,00
— of Vers (Haute-Savoie) . . . .	Oct. 17th., 1909	25 "	"	15,54
— of Villard-sur-Boège (Hte-Savoie)	Jan. 23rd., 1910	30 "	"	23,10
— of Ville Dornier (Haute-Savoie)	Jan. 14th., 1912	Unlimited	"	6,14
— of Ville-en-Sallaz (Hte-Savoie) .	August 26th., 1910	30 years	"	14,00
— of Verrens-Arvey (Savoie) . . .	Feb. 25th., 1912	30 "	"	10,62
— of Vouvray-Ochiaz (Ain) . . . .	Feb. 26th., 1911	Unlimited	"	16,00
— of Vouvray-Chez-Quetand (Haute-Savoie) . . . . .	March 26th., 1908	17 years	"	4,00
— of Vovray (Haute-Savoie) . . .	January 1st., 1911	20 "	"	10,47
Total . . . . .				1,264,91

## III. — DAIRIES.

The 1906 law specially favoured the formation and development co-operative dairies. We know the great importance the milk trade has assumed in recent years, and that the consumption of milk, butter, etc., the urban population is continually increasing. Thanks to the State &

(*continued*).

Number of Co-ops owned by members	Advances Granted					Term	Rate	Regional Banks acting as Intermediaries
	1908	1909	1910	1911	1912			
458	—	—	—	—	36,900	15	2 %	Savoie.
146	—	—	—	—	10,000	15	2	Haute-Savoie.
160	—	—	—	16,000	—	15	2	Haute-Savoie.
260	—	—	26,000	—	—	15	2	Haute-Savoie.
140	—	—	—	20,000	—	15	2	Haute-Savoie.
230	—	—	—	26,000	—	15	2	Haute-Savoie.
300	—	—	—	14,000	—	15	2	Haute-Savoie.
366	—	—	—	—	40,000	15	2	Haute-Savoie.
165	—	—	—	—	15,000	15	2	Haute-Savoie.
158	—	—	—	16,000	—	15	2	Haute-Savoie.
150	—	—	—	—	26,000	15	2	Haute-Savoie.
300	—	—	60,000	—	—	15	2	Haute-Savoie.
180	—	—	—	—	20,000	15	2	Haute-Savoie.
245	—	—	25,000	—	—	15	2	Haute-Savoie.
176	—	—	45,000	—	—	15	2	Haute-Savoie.
116	—	—	—	—	12,000	15	2	Haute-Savoie.
224	—	—	—	28,000	—	15	2	Haute-Savoie.
237	—	—	—	—	20,000	15	2	Savoie.
300	—	—	—	20,000	10,000	15	2	Ain.
95	—	—	8,000	—	—	15	2	Haute-Savoie.
150	—	—	—	—	20,000	15	2	Haute-Savoie.
19,237	—	39,200	462,100	771,300	895,100			

nces, it is possible for farmers to organize so as to profit directly by these w markets for their produce. In 1908, 5 co-operative dairies asked for ate assistance. In 1912, 49 had obtained advances, amounting altogether 2,500,830 frs.

They have used the money for the purchase of all the plant they require d vie with the most complete commercial undertakings in their install- on. Thus equipped, they can effectually compete with such undertak- s both on the markets of the large towns and abroad, and even establish

brands that have a well deserved reputation. Sometimes they are content with centralising the produce supplied by their members and reselling it wholesale to a contractor, thus sparing the producers the anxiety, the disappointment and loss of time involved in retail sale and individual transactions; sometimes they come into direct relation with the consumers, whether co-operative societies, retail dealers or private individuals and send their goods even to the Paris Central Market.

One of the happiest consequences of the foundation of co-operative

III

Name of the Society	Date of Foundation	Term	Form	Paid up Capital
Co-operative Society of Ancourt (Seine-Inf.). . . . .	May 12th., 1910	10 years	Civil	40.00
Dairy Union of the Valley of the Sèvre at Arçais (Deux-Sèvres) .	Nov. 17th., 1911	15 "	"	18.00
Co-operative Society of Beaumont-Hague (Manche) . . . . .	Nov. 15th., 1908	10 "	"	25.80
— of Bléré (Indre-et-Loire) . . .	Feb. 26th., 1909	5 "	"	46.51
— of Bourg-Argental (Loire) . . .	Aug. 17th., 1909	12 "	"	43.30
— of Buric (Charente-Inférieure) .	April 3rd., 1910	unlimited	"	10.00
— of Casteljalous (Lot-et-Garonne)	April 13th., 1911	21 years	"	15.00
— of Chauvigny (Vienne) . . . . .	Oct. 15th., 1905	unlimited	"	16.00
— of Chissey (Jura) . . . . .	May 1st., 1909	25 years	"	5.40
— of Civray (Vienne) . . . . .	Dec. 11th., 1910	20 "	"	17.30
— of Clermont (Oise) . . . . .	Dec. 24th., 1902	20 "	Commere.	22.00
— « La Méhusine » at Cloué (Vienne)	Oct. 2nd., 1910	unlimited	Civil	50.00
— « La Gâtinaise » at Corbeilles-du-Gâtinais (Loire) . . . . .	May 1st., 1911	15 years	"	23.40
— of Crosville-sur-Scie (Seine-Inférieure) . . . . .	Oct. 1st., 1907	10 "	"	25.00
— of the Valley of the l'Armançe at Davrey (Aube) . . . . .	April 26th., 1908	20 "	"	50.00
— of Ducey (Manche) . . . . .	Jan. 2nd., 1911	20 "	"	25.00
— of Dunois (Eure-et-Loir) . . . .	Jan. 26th., 1909	30 "	"	67.00
— of Echiré (Deux-Sèvres) . . . .	March 18th., 1894	10 "	"	53.30
— of the district of Evreux (Eure)	Dec. 11th., 1909	15 "	"	60.00
— of the Centre-Orléanais at Fay-aux-Loges (Loiret) . . . . .	Oct. 31st., 1909	25 "	"	25.20
— of Fresnay-l'Evêque (Eure-et-Loir) . . . . .	Aug. 20th., 1911	25 "	Commere.	45.40
— of Gault-St. Denis (Eure-et-Loir)	May 29th., 1910	unlimited	"	34.10
— of Grilly (Ain) . . . . .	March 10th., 1910	30 years	Civil	15.00

dairies has been the profitable utilisation of the sub-products of milk, which previously brought in nothing or almost nothing to the farmers, in spite of scientific treatment. The dairies have, for example, established pig styies and have given themselves largely to the improvement of pigs, and thus find a profitable use for their whey. We shall see when we study the co-operative societies of various character that some societies have been formed solely for the utilisation of the sub-products of milk.

Number of Cows owned by Members	Advances Granted					Term	Rate	Regional Banks acting as Intermediaries
	1908	1909	1910	1911	1912			
342	—	—	80,000	—	—	10	2 %	Haute-Normandie.
429	—	—	—	—	32,000	14	2 »	Deux-Sèvres.
700	—	—	50,000	—	—	5	2 »	Manche.
1,554	—	—	53,000	—	—	5	2 »	Indre-et-Loire.
300	—	—	25,000	—	—	10	2 »	Forézienne.
1,100	—	—	16,000	—	—	10	2 »	Charente Inférieure
465	—	—	—	20,000	—	15	2 »	Lot-et-Garonne.
1,300	—	50,000	—	—	—	15	2 »	Vienne.
150	—	—	8,500	—	—	15	1.5	Jura.
524	—	—	—	—	34,000	15	2 %	Vienne.
350	20,000	—	—	—	—	13	2 »	Ile de France.
2,437	—	—	—	75,000	—	15	2 »	Vienne.
850	—	—	—	—	40,000	15	2 »	Loiret.
357	50,000	—	—	—	—	10	2 »	Haute-Normandie.
478	—	—	—	50,000	—	15	2 »	Aube.
250	—	—	—	50,000	—	10	2 »	Manche.
435	—	—	40,000	—	40,000	15	2 »	Beauce et Perche.
1,849	80,000	—	—	—	—	10	2 »	Deux-Sèvres.
1,361	—	—	82,200	—	30,000	12	2 »	Eure.
1,500	—	—	30,000	—	15,000	15	2 »	Loiret.
950	—	—	—	—	90,000	15	2 »	Beauce et Perche.
1,270	—	—	—	60,000	—	15	2 »	Beauce et Perche.
150	—	—	26,000	—	—	15	2 »	Ain.

III.

Name of the Society	Date of Foundation	Term	Form	Paid up Capital
Co-operative Society of Haut-Var at Guillaume (Alpes-Maritimes) . . .	Oct. 9th., 1909	30 years	Commerc.	10,000
— of Hauterives (Drôme) . . . . .	Aug. 11th., 1901	unlimited	Civil	29,105
— of Juaye-Mondaye (Calvados) . . .	May 30th., 1908	25 years	"	30,000
— « La Solidarité Gâtinaise » at Ladon (Loiret) . . . . .	May 1st., 1911	25 "	Civil	30,550
— « La Lexovienne » at Mesnil-Guillaume (Calvados) . . . . .	Aug. 1st., 1910	25 "	"	21,025
— of Lezay (Deux-Sèvres) . . . . .	May 14th., 1905	unlimited	"	26,000
— of Lochien (Ain) . . . . .	April 30th., 1912	30 years	"	5,500
— of Lyons-la-Forêt (Eure) . . . . .	Jan. 21st., 1909	unlimited	"	66,666
— of Canton de Melle (Deux-Sèvres) .	March 10th., 1907	10 years	"	37,250
— of Montreuil-l'Argillé (Eure) . . .	March 24th., 1909	25 "	"	31,740
— of Noiron (Vienne) . . . . .	March 28th., 1910	25 "	Commerc.	49,700
— of Nollevail (Seine-Inférieure) . .	May 1st., 1909	10 "	Civil	40,000
— of Orbigny (Indre-et-Loire) . . .	Nov. 29th., 1909	15 "	"	25,550
— of Pampile (Deux-Sèvres) . . . . .	Sept. 1st., 1905	20 "	"	20,000
— of Périers (Manche) . . . . .	May 22nd., 1909	25 "	"	50,900
— of la Plaine-St.-André (Eure) . . .	Oct. 1st., 1909	15 "	"	50,000
— of Pont-Audmer (Eure) . . . . .	Feb. 8th., 1909	25 "	"	28,000
— of Puilboreau (Charente-Inférieure) . . . . .	July 1st., 1910	10 "	"	5,000
— of Ronsenac (Charente) . . . . .	Nov. 3rd., 1907	10 "	"	11,447
— of La Roya at Breil (Alpes-Maritimes) . . . . .	Dec. 25th., 1909	30 "	Commerc.	13,250
— of Sancheville (Eure-et-Loir) . . .	May 1st., 1910	25 "	"	40,000
— of la Seullès at Carcagny (Calvados) . . . . .	April 30th., 1910	25 "	Civil	26,100
— of Sleenvoorde (Nord) . . . . .	May 30th., 1911	10 "	"	36,850
— of Vars (Charente) . . . . .	April 17th., 1908	unlimited	"	15,000
— of the Locholse région at Verneuil-sur-Indre (Indre-et-Loire) . .	June 6th., 1909	10 years	"	50,000
— of Villiers-au-Bouin (Indre-et-Loire) . . . . .	April 17th., 1910	5 "	"	42,350
Total . . . . .				1,537,065

used).

Number of Cows owned by Members	Advances Granted					Term	Rate	Regional Banks acting as Intermediaries
	1908	1909	1910	1911	1912			
426	—	—	20,000	—	—	15	2 %	Alpes-Maritimes.
1,150	—	—	40,000	—	—	10	2 »	Drôme.
200	—	60,000	—	—	—	12	2 »	Centre-Normandie
1,612	—	—	—	—	40,000	15	2 »	Loiret
602	—	—	—	40,000	—	15	2 »	Centre-Normandie
1,825	—	—	—	47,000	—	5	2 »	Deux-Sèvres
152	—	—	—	—	11,000	15	2 »	Ain
1,500	—	70,000	30,000	—	30,000	15	2 »	Olse
880	46,150	—	—	—	—	5	2 »	Deux Sèvres
370	—	—	60,000	—	—	15	2 »	Centre-Normandie
608	—	—	—	45,400	—	15	2 »	Vienne
460	—	75,000	—	—	—	10	2 »	Haute-Normandie
2,980	—	—	30,000	—	—	10	2 »	Indre-et-Loire
1,225	—	—	—	—	40,000	13	2 »	Deux-Sèvres
1,902	—	—	100,000	—	—	10	2 »	Manche
1,590	—	—	80,000	20,000	—	12	2 »	Eure
950	—	—	56,000	—	—	15	2 »	Centre-Normandie
130	—	—	—	10,000	—	10	2 »	Charente Inférieure
600	12,000	—	—	—	—	10	2 »	Charente
160	—	—	25,000	—	—	15	2 »	Alpes-Maritimes
1,213	—	—	—	60,000	—	15	2 »	Beauce et Perche
543	—	—	—	50,000	—	15	2 »	Centre-Normandie
900	—	—	—	—	73,000	10	2 »	Lille
600	—	25,000	—	—	—	12	2 »	Charente
3,250	—	—	97,580	—	—	10	2 »	Indre-et-Loire
2,000	—	—	—	60,000	—	5	2 »	Indre-et-Loire
48,429	208,150	280,000	949,280	587,400	476,000			

(To be continued).

## ITALY.

### I. MISCELLANEOUS INFORMATION.

I. — THE RURAL BANKS AND AGRICULTURAL CO-OPERATIVE CREDIT SOCIETIES OF COLLECTIVE TITLE EXISTING IN ITALY AT THE END OF 1912. *The National Federation of Rural Banks*, in Rome, has recently published a list of the rural banks and kindred societies existing in the kingdom the 31st., of last December (1).

#### North Italy:

Venetia . . . . .	449
Emilia . . . . .	304
Lombardy. . . . .	238
Piedmont . . . . .	168
Liguria . . . . .	9

Total . . . . . 1,168

#### Central Italy:

Latium . . . . .	101
Marches . . . . .	61
Tuscany . . . . .	61
Umbria . . . . .	15

Total . . . . . 238

(1) *Elenco delle casse rurali e società cooperative agricole di credito in nome collettivo esistenti in Italia il 31 dicembre 1912. (List of the Rural Banks and Agricultural Co-operative Societies of Collective Title existing in Italy on December 31st., 1912).* Publication of the Federazione Nazionale delle Casse rurali italiane, Spoleto, Tip. Zanetto and Petrelli, 1913

## South Italy :

Abruzzi e Molise . . . . .	77
Campania . . . . .	43
Calabria . . . . .	41
Apulia . . . . .	23
Basilicata . . . . .	7
Total . . . . .	191

## Insular Italy :

Sicily . . . . .	332
Sardinia . . . . .	104
Total . . . . .	436

The provinces in which there are more than fifty are the following :

Verona . . . . .	106	Treviso . . . . .	69
Rome . . . . .	101	Udine . . . . .	60
Bologna . . . . .	87	Alessandria . . . . .	60
Palermo . . . . .	81	Aquila . . . . .	55
Girgenti . . . . .	74	Rovigo . . . . .	54
Bergamo . . . . .	73	Brescia . . . . .	52
Padua . . . . .	73	Catania . . . . .	52
Cagliari . . . . .	70	Caltanissetta . . . . .	52
Cuneo . . . . .	70	Parma . . . . .	50

According to the last census of June 10th., 1911, the proportion between the population and the rural banks and other agricultural co-operative societies of collective title was as follows :

Piedmont . . . . .	one society per	21,011	inhabitants
Liguria . . . . .	" "	133,419	"
Lombardy . . . . .	" "	20,645	"
Venetia . . . . .	" "	8,326	"
Emilia . . . . .	" "	8,992	"
Tuscany . . . . .	" "	45,664	"
Marches . . . . .	" "	18,185	"
Latium . . . . .	" "	12,770	"
Umbria . . . . .	" "	51,046	"
Abruzzi and Molise . . . . .	" "	20,776	"
Campania . . . . .	" "	80,763	"
Apulia . . . . .	" "	94,558	"
Basilicata . . . . .	" "	69,499	"
Calabria . . . . .	" "	37,440	"
Sicily . . . . .	" "	11,503	"
Sardinia . . . . .	" "	8,375	"



It is finally observed that at the end of 1910, the date of the first list of rural banks compiled by the above Federation, their number was 1,763.

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2. — THE WORK OF THE NATIONAL UNION OF CO-OPERATIVE DAIRIES IN THE TWO YEARS 1911-1912. — From the report on the work of the Federation in the last two Years (1) we reproduce the following data in regard to co-operative dairying in Italy. The co-operative dairies, in the first place numbered at the end of last year 1,075, distributed as follows, according to provinces :

Venetia . . . . .	426
Piedmont . . . . .	282
Lombardy . . . . .	258
Emilia . . . . .	96
Central, Southern and Insular Italy . . . . .	10
Liguria . . . . .	3

At the same date there were four provincial and local federations the Federations of the Agordine Co-operative Societies (Belluno), of the Bergamo Dairies, of the Reggio Dairies, and of those of the Lower Novares and Lomellina. There were, besides, a few co-operative societies for the sale of milk in towns (Turin, Milan, Brescia) and a few for the sale of butter (Agordine Dairy Societies etc.), as well as two for the drying and sale of cheeses : Viterbo Co-operative Society and the "Società Caseari di Alpe of Morbegno (Sondrio).

The dairies belonging to the Union were 204 in number, divided as follows among the various provinces : Modena, 55 ; Belluno, 41 ; Reggio Emilia, 21 ; Vicenza, 19 ; Como, 10 ; Sondrio, 9 ; Mantua, 8 ; Novara, 1 ; Central, Southern and Insular Italy, 6 ; Cremona, 5 ; Turin, 5 ; Brescia, 4 ; Cuneo, 3 ; and 2 in each of the provinces of Genoa, Milan, Bergamo, Treviso, Parma and Piacenza. They have besides 14,000 farmer members and produce about half a million quintals of milk.

Among the initiatives taken by the Union in the above period, in addition to the ordinary work of propaganda among the federated societies and the assistance given to them, we must mention its organization of important congresses and participation at meetings of this class, among which we mention those of Udine (April 20th.-23rd., 1911), Turin, (October 1911), and Cremona (September 17th.,-18th., 1912), etc.

(1) Unione Nazionale delle Latterie Sociali e Cooperative : Relazione morale, Anno 1912. (*Report on the Work of the Union, 1911-1912*). Piacenza. Printed by A. del Maino, 1912.

In these congresses and in other meetings, subjects were dealt with of interest for the majority of the co-operative dairies. Let us mention the following: "Legislation on Co-operative Societies, especially with regard to Dairy Societies and their Treatment by the Treasury;" "Associations among Milk Producers and Civil Societies for the Preparation of Cheese;" "Agricultural Mutual Societies and Co-operative Dairies;" "Dairy Co-operatives and Civil Societies of Producers;" "Itinerant Instruction in Dairying;" and Co-operation in Dairying;" "Exemption from Income Tax for Co-operative Dairies;" "Collective Sale of Milk Products," etc.

The Union further assisted in the quarterly enquiries into the market conditions for milk and its products throughout the world, carried out by the Swiss Peasants' League in the interests of the producers.

We know that this enquiry is concerned with the fluctuations in the price of cattle food, the production and price of milk, cheese, butter etc. The Union collects the necessary data, for the whole of Italy, availing itself of the services of 108 correspondents, who, scattered over the various provinces, furnish information in regard to each district; it summarises the information received and communicates it to the institutions interested in the press.

The work of the "Office for the Inspection of Milk and its Products," attached to this Union, has not been less useful. This office, provided with modern appliances for the analysis of the products, is destined to acquire continually greater importance.

Two other offices work in connection with the Federation we are considering: the Labour Bureau for the Staff of the Co-operative Dairies and the Office for Consultation on Legal, Administrative and Technical Matters.

Recently, the National Union of Co-operative Dairies, in order to honour the memory of its first president, provided for the institution of a foundation, called by his name "Antonio Landriani", the object of which, according to its rules, approved by Royal Decree of July 18th, 1912, is the periodical award of prizes to those "who have rendered the dairy industry valuable services by studies on dairy technique and co-operation." The funds already collected for the purpose amount to 25,000 frs.

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3. — THE ITALIAN FEDERATION OF AGRICULTURAL CONSORTIUMS IN 1912. — From the annual report presented at the general meeting of members on February 10th., last, it appears that in 1912 this Federation sold goods to the total amount of 18,483,308 frs. There was in the same year considerable increase in the sale of machinery which reached the figure of 2,742,506 frs. The number of associations federated rose from 670 in 1911 to 693 in 1912.

(Summarised from *Rivista sull'esercizio 1912, all'assemblea dei soci del 1 febbraio 1913 in Italia Rurale*, Rome, No. 510, March 10th., 1913).

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4. — THE FORMATION OF TWENTY CONSORTIUMS AMONG THE CO-OPERATIVE SOCIETIES FOR PRODUCTION AND LABOUR. — We know that the laws of March 12th., 1904 and April 19th., 1906 (1) have permitted the co-operative societies for Production and Labour, and the legally constituted agricultural co-operative societies to make contracts with the public authorities, by means of private auction or direct negotiation, for the supply of goods or labour, for amounts not exceeding 200,000 francs, instead of these contracts being offered for public tender. Besides, the law of June 25th., 1909, encouraging the tendency, that has been for some time apparent among these societies, to unite in consortiums to apply for contracts of greater importance, gave its sanction to the principle that consortiums of these societies might be entrusted with the carrying out of the work or the supply of the labour above mentioned, by similar private arrangement; provided, however, that the amount of the contract does not exceed twice the total amount of the contracts that might have been made with the societies constituting the consortium and that the amount for each work be not more than two millions. The same law further granted such consortiums special facilities; they enjoy first of all complete independence, their proceedings not being subject to approval by any superior. For the first five years after their formation, they are exempted from stamp duty on the acts of their management as well as on their deeds of constitution, and the acts of admission and retirement of the adhering societies, provided that the capital of the consortium does not exceed 200,000 francs and no society has a larger share in it than 30,000 frs. The acts of these consortiums, also, for the first five years are registered at the fixed rate of 1.20 frs. Other provisions facilitate for the consortiums the obtaining of security and credit and advances from the State to pay for the works in hand, up to the amount of 50,000 frs.

The regulations for the application of the above law are dated February 12th., 1911. Since then, 20 consortiums have been formed as to which we can give the following information:

(1) (See *Bulletin of Economic and Social Intelligence*, Nov.-Dec., 1911, p. 57.)

Name of the Consortium	Head Quarters	Period	Number of Co-operative Societies	Number of Members	Subscribed Capital	Date of Formation
Venetian Regional Co-operative Consortium . . . . .	Legnago	20 years	7	4,086	6,450	September 18th, 1912
Consortium of the Federation of the Co-operative Societies of the Province of Bergamo . . . . .	Ravenna	50	5	2,144	9,916	October 20th, "
Consortium of the Co-operative Building Societies of Brescia and Pavia . . . . .	Brescia	20	5	132	1,000	" "
Chambre Consortium of Co-operative Labour Societies . . . . .	Autrans (Belluno)	10	3	253	60,000	" 27th, "
Italian Building Consortium of Co-operative Societies for Production and Labour . . . . .	Rome	25	6	301	16,100	December 31st, "
Provincial Bolognese Consortium of Carters' Co-operative Societies . . . . .	Bologna	50	8	339	1,800	January 14th, 1918
Provincial Bolognese Consortium of the Parma Apennines . . . . .	Langhirano (Parma)	30	6	420	5,400	" "
Legurian Consortium of Co-operative Soc. for Product and Labour . . . . .	Genoa	30	7	518	10,680	February 11th, "
Consortium of the Labour Co-operative Societies for the Province of Venice . . . . .	Venice	25	4	1,140	1,600	" 18th, "
Carters' Consortium of Co-operative Societies for Production and Labour . . . . .	Tolmezzo (Udine)	20	4	698	14,000	June 6th, "
Consortium of Workmen's Co-operative Societies among Masons, Labourers, Carters and others . . . . .	Sant'Arcangelo di Romagna	10	4	188	2,000	October 20th, "
" Giuseppe Sacconi " Consortium of Co-operative Societies for Production and Labour . . . . .	Rome	5	4	63	7,000	December 8th, "
Italian Printer's Consortium of Co-operative Societies for Production and Labour . . . . .	Rome	6	4	52	7,100	" "
Consortium of Co-operative Societies of Labourers, Carters and others in the Province of Ravenna . . . . .	Rimini	3	3	294	5,880	" 22nd, "
Consortium of the Co-operative Labour Societies of the Province of the Independent Federation of Co-operative Societies of the Province of Ravenna . . . . .	Monticelli Pavese	50	4	309	3,000	In formation
Consortium of the Co-operative Societies of Labourers etc., of the Province of Bologna . . . . .	Ravenna	50	3	909	6,954	" "
Consortium of the Co-operative Societies for Production and Labour of the Province of Milan . . . . .	Bologna	50	8	6,004	30,465	" "
Consortium of the Co-operative Societies for Production and Labour of the Province of Ferrara . . . . .	Milan	10	4	264	800	" "
" Edile " Consortium of the Co-operative Societies for Building, Production and Labour . . . . .	Ferrara	50	12	3,456	31,200	" "
	Rome	5	4	75	10,800	" "

Let us remember that, in conformity with the above rules, the type of co-operative societies admitted to the benefits of the special laws of public contracts mentioned above are the following; 1st. Co-operative Societies for Production and Labour; 2nd. Agricultural Co-operative Societies (collective farms, co-operative dairies, co-operative wine societies, co-operative distilleries, agricultural consortiums, co-operative granaries and "any other co-operative undertaking for Agricultural Production" 3rd. mixed co-operative societies, that is, those uniting the characters and aims of some of the foregoing, or with other co-operative aims.

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5. — THE ROMAN "AGRICULTURAL WEEK". — The usual farmer meetings, promoted by the *Italian Farmers' Society*, were held in Rome between March 13th. and 20th., with the object, as we know, of discussing some of the more interesting problems of agricultural technique and economics, and formulating their desires and recommendations in regard to the same. The series of meetings began with the general meeting of the Society itself, at which its president, Dr. Edoardo Ottavi, reported on its work in 1912.

In the first place, Prof. Dino Strozzi reported on the progress of *livestock improvement in Italy in relation to recent legislative measures* (proposing a resolution, in which, considering the necessity of effecting solving the problem of livestock improvement, by means of continuous effort in every part of Italy; considering that it is necessary to develop Italian horned cattle and sheep, so as to render the supply of meat and more and more economical, while keeping in mind, in the case of the great districts, the aptitude of the oxen for labour; it is desired: (a) that livestock improvers in their occupation pursue the above ends, improve local types, introduce suitable breeds, and breeding stock for the purpose and adopt the most scientific principles of livestock improvement; (b) that the Department of Agriculture propose to Parliament new laws in continuation of those already voted and that the Provinces be asked to provide for the development of livestock improvement by grant of the necessary funds, whether by means of amounts entered on the Government estimate or by special taxation.

Prof. E. Quajati then reported on the *development of mulberry cultivation and silkworm cultivation in relation to recent legislative measures*. Among other suggestions, with a view to facilitate the sale of the product he proposed to establish public ovens for warming cocoons in connection

(1) In regard to these measures, embodied in the law of July 6th., 1912, no. 832, see article in the *Bulletin of Economic and Social Intelligence* for April, 1913.

(2) In regard to these measures, embodied in the law of July 6th., 1912, no. 869, see article in the *Bulletin of Economic and Social Intelligence*, April, 1913.

with certain agricultural schools and itinerant lecturerships, thus encouraging the work of special co-operative societies.

The Count M. di Frassineto then spoke on the Estimates for the Department of Agriculture, examining a bill on the reorganization of the services of the Department, presented in the Chamber of Deputies by the Minister, the Hon. Signor Nitti, on February 19th, 1913, which we shall shortly deal with.

Finally, the Hon. Tito Pozzi delivered an address on fruit cultivation.

The Italian Farmers' Society's meeting was followed by that of the Federation of Consortiums for the defence of Viticulture and the 11th Congress of the Italian Association of Itinerant Agricultural Lecturerships.

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6. — THE FIRST NATIONAL CONGRESS OF MÉTAYERS. — A métayers' congress was held at Bologna on January 10th. and 11th., on the initiative of the *National Federation of Agricultural Labourers*. The professional organizations of the Provinces of Bologna, Ancona, Ravenna, Urbino, di Parma, Pavia, Ferrara and Modena sent representatives to it. In the first place, it was decided to intensify their propaganda, organizing métayers' leagues, for the purpose of improving the métayers' contracts, with the assistance of

(a) Agricultural co-operative societies formed to take farms under the form of métairies or collective farms to be cultivated by the families of the members;

(b) Co-operative societies for production (dairies, co-operative wine societies);

(c) Co-operative societies for the sale of agricultural and farmyard produce;

(d) Co-operative societies for the purchase of chemical manure, implements, seeds, etc.;

(e) loan and savings co-operative societies (rural banks);

(f) mutual horned cattle accident insurance societies;

(g) an institution of bureaux for consultation and book keeping;

(h) libraries.

"The fundamental lines of the métayers' contracts in force and their modifications with regard to the land and the other classes of workmen" were then dealt with.

As legislative measures on métayers' contracts are also in contemplation, resolutions were passed in favour of the institution of a board of agricultural litigation. Finally, the decisions of previous congresses on agricultural accident, old age and disablement insurance were approved.

7. — UNANIMOUS ACTION OF THE LABOURERS' ORGANIZATIONS FOR DEFENCE, THRIFT AND CO-OPERATION. — The Boards of Management of the General Confederation of Labour, of the National League of Co-operative Societies, and the Italian Federation of Mutual Aid Societies recently assembled at Milan for the purpose of defining the reciprocal relations of the co-operative and mutual movement and that of the defence of the proletariat, and preparing a common line of action for the three kinds of organization. It was in substance decided to revise the general plan of the economic organization of labour in Italy so as to regulate better the mutual bonds between the professional syndicates, the mutual and the co-operative societies and to give unity of aim to the labour movement. To consolidate the trade syndicates and to strengthen the bond between their members, it was judged advisable to undertake an active propaganda among them for the formation of thrift societies for their members for cases of sickness and unemployment. Finally, it was decided to work in union for the realisation of the following reforms :

- (a) the extension of compulsory accident insurance to agricultural labourers ;
- (b) the making legal recognition of mutual aid societies optional ;
- (c) application of the law on the national thrift institute to all classes of labourers ;
- (d) reform of the industrial boards of arbitration and extension of the system to the domains of commerce and of agriculture ;
- (e) insertion among the amendments, now under consideration, to the 1900 law on reclamation of land, measures for home colonisation, and the constitution of crown estates with inalienable *usi civici*, to be entrusted to agricultural labourers, united in collective farming societies.
- (f) provision for the credit necessary for co-operative labour societies by means of the foundation of the Bank of Co-operation and Labour.

(Summarised from *Confederazione del Lavoro*, Milan, no. 273, February 16th, 1913).

8. — SMALL HOLDINGS. — The question of small holdings has for some time been the subject of discussions and of resolutions in the meetings of the various farmers' unions. Let us mention, among others, the meeting recently held by the *Brescian Agricultural Comizio* at which a resolution was approved inviting Government to take steps in behalf of credit to small farmers, reducing the fiscal charges on it, facilitating the redistribution of lots not susceptible of reasonable cultivation, favouring the subdivision of the latifundia, when it is desirable that this be done economically. T

the meeting further called the attention of Government to the advisability of also aiding the small farmers with credit. The congress of Alessandria was held afterwards under the auspices of the local *Small Farmers' Association*. At it were discussed the measures called for in behalf of districts ravaged by phylloxera, as well as the course to be followed in order to obtain the funds required for the reconstitution of vineyards. The *Luigi Montemartini*, who was charged to report, advised that the intervention of the ordinary savings banks should be requested. Those of Pisa and Voghera are already engaged in the work. The Voghera Savings Bank has adopted the following system: it has first of all established that the loans shall only be granted to small farmers, in the zones where phylloxera exists, who possess no more than 3 hectares of vineyards; the loans may amount to 1,800 frs. per hectare and are granted, on mortgage, in accordance with the advice of the itinerant agricultural expert, who must testify to the suitability of the soil for viticulture. The loan is repayable in 10 years; during the first four years no interest is paid; in the following years the interest is 4 %. Half the amount of the loan is paid at once; a fourth is paid after planting and the other fourth at the end of the second year after planting. The Congress also dealt with the institution of a co-operative purchase society for the members of the Association. Finally it discussed the "Mutual aid societies for exchange of work".

A third congress of local Catholic organizations was recently held at Cassinone, in the province of Rome. About five thousand peasants attended and the following measures were asked for from Government.

(a) exemption from taxation of very small shares of real estate; exemption for a certain number of years from taxation and charges on transfers, on deeds of purchase and sale and mortgages on the same lands for the object of rounding them off; (c) undistrainability of small agricultural holdings and the creation of *homesteads*; (d) speedy passing of laws for the encouragement of agricultural co-operation and mutuality.

These discussions and the resolutions formulated at the above meetings and others that we omit to mention witness to the importance of the movement in favour of small holdings has assumed in Italy, where in March 1907 the "Special Permanent Committee of the Friends of Small Holdings" was created for the promotion of legal measures in favour of them.



## 2. PUBLICATIONS OF RECENT DATE ON CO-OPERATION AND ASSOCIATION IN ITALY.

### (a) PUBLICATIONS OF THE AGRICULTURAL ORGANIZATIONS:

- ASSOCIAZIONE PICCOLI PROPRIETARI DI ALESSANDRIA: Relazione del primo Congresso Nazionale dei Piccoli Proprietari e Fittavoli. (*Small Landowners' Association, Alessandria Report of the First National Congress of Small Landowners and Tenant Farmers*). Alessandria, Co-op. Press, 1912.
- COMIZIO AGRARIO DI ROMA: Relazione sul suo operato nell'esercizio 1912 (*Roman Agricultural Comizio: Report on its Work during the Year 1912*) In the "Rivista agricola romana" Rome, no. 12, December, 1912.
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## SWEDEN.

### THE LAW OF JUNE 22ND., 1911 ON ECONOMIC ASSOCIATIONS.

#### OFFICIAL SOURCES:

6 OM REGISTRERADE FÖRENINGAR FÖR EKONOMISK VERKSAMHET den 28 juni 1895. (*Law of June 28th., 1895 on Associations Authorized for Economic Work*).

6 OM EKONOMISKA FÖRENINGAR DEN 22 JUNI 1911 (*Law of June 22nd., 1911 on Economic Associations*).

N NYA LAGEN OM EKONOMISKA FÖRENINGAR AF DEN 22 JUNI 1911. (*New Law of June 22nd., 1911 on Economic Associations*) in "Sociala Meddelanden utgifna af K. Kommerskollegii afdelning för arbetsstatistik" N:ris 2 och 3 (*Social Bulletins, Published by the Statistics of Labour Section of the Royal Board of Trade, Nos 2 and 3*). Stockholm, 1912.

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RUUSIEN (Onni): "Ruotsin uusi osuustoimintalaki," (*New Swedish Law on Co-operation*). Study published in "Suomen Osuustoimintalehti". (Finland Co-operative Journal). No. 3. 1912. Helsingfors. 1912.

The new Swedish fundamental law of June 22nd., 1911 on economic associations came into force on January 1st., 1912.

The full text of this important law may be found in our International Yearbook of Agricultural Legislation for 1911, and in the following pages we shall confine ourselves to an examination of its chief articles.

It was only about 1880 that the economic development of Sweden began to call for special measures in behalf of the economic associations and was only in 1895 the first law was promulgated dealing with the matter.

Fifteen years later at the date of the revision of the law on societies limited by shares, the 1895 law on economic associations was also completely revised, not indeed so as to affect its fundamental principles but to adapt it perfectly to the new demands of modern life.

#### § I. THE EXTENT OF THE APPLICATION OF THE LAW.

The provisions of the law of June 22nd., 1911 apply to all associations the object of which is to advance the economic interests of their members by supplying them with agricultural produce or other articles, selling their produce, or building houses for them or even obtaining money for them, or fully engaging in any other business of an economic character.

The provisions of the law also apply to any association which, in the exercise of commerce or any other business in which it is obligatory to keep commercial books, has another object in view besides that of promoting the economic interest of its members. Yet the law does not apply to saving banks or sickness assistance societies, mutual aid associations, insurance societies or societies for granting loans on mortgage on real estate, which have been made subject to special legislative provisions. The law does not greatly modify the provisions of the special laws on associations for definite objects.

Yet, as we see, the law of June 22nd., 1911 is of far wider application than the laws on co-operative societies in many other countries.

The corresponding provisions of the 1895 law were similar in their general character and the result is that there are now in Sweden, according to official reports, a large number of associations, or about a third of all those registered, the object of which is to obtain the necessary real estate for religious, political or temperance associations, the economic action of which is generally not very important.

We have already said above that the law of June 22nd., 1911 came into force on January 1st., 1912. The rights and duties of the associations established at that date are still regulated in conformity with the law of June 28th., 1895. The last article of the law of June 22nd., 1911 also contains detailed provisions for the transition period.

## § 2. FOUNDATION AND AUTHORISATION OF ASSOCIATIONS.

For the foundation of any society it is necessary that five persons at least accept the rules, which must be in conformity with the provisions of the law, and choose the first managers.

Yet an association only acquires civil personality when formally authorized.

An unauthorized association therefore can neither acquire rights nor assume obligations, nor appear before the courts as plaintiff or defendant. If the members of the board of management, the ordinary members, other persons act in the name of the association before it is authorized, those who have been parties to the act or have consented to it shall be liable jointly and severally for the obligations incurred in the same way as for personal debt.

For authorization, application is made to the Governor of the Province in which the association has its head quarters. There are very precise provisions laid down as to the wording of the application, which we can here deal with in detail. Let us only mention that two copies of the application must be attached to the application and that the fundamental clauses of these rules are indicated in the law itself (art. 7.).

It is laid down that the word *association* must appear in the title of the economic association, which must also indicate whether the members' liability is personal or no.

The title further must contain neither the word *society*, nor the word *bank*, nor any other term that may lead to confusion, and it must be distinguished from those of the other associations already authorized.

The applications for authorization are examined by the competent authorities. If they, instead of entering the authorization in the special registers, raise any difficulty, the Governor must immediately inform the applicant in writing of the difficulty with the reasons for it; the applicant, besides this, has a right to appeal to the king. The authorizations must be published by the Government in a journal for legal advertisements. Every year an official detailed list of the associations authorized that year is made. The publication of the authorization creates a presumption of its being known by everybody, but proof to the contrary is admitted.

### § 3. ADMISSION OF MEMBERS. — DEPOSITS AND OTHER CONTRIBUTIONS.

In Swedish law, the principal difference between a society limited by shares and an association is generally as follows :

The capital of the society limited by shares is not variable and new members can only enter it by purchase of shares already belonging to other members, on the contrary, in the economic association, the capital is variable and new members may always be admitted on making a deposit.

The law of June 22nd., 1911 in its art. 10 reaffirms this distinction, but it authorizes the associations to establish conditions for the admission of new members and even to limit the number of their members in their rules. This provision applies especially to co-operative societies for building houses in which the number of members is often the same as the number of apartments built.

Anyone desiring to enter an association must apply in writing. If he is accepted, the board of management enters the name of the new member among the others, with his address and the number of his deposits.

Unless otherwise provided in the rules, it is the board of management of the association that must examine applications for admission.

Every member must make a certain deposit. The 1911 law further requires that the rules indicate whether multiplicity of these deposits is permitted, but the amount and the manner of its payment are left without any restriction to the decision of the association. Subject to limitations introduced in the rules, any member expelled or resigning is entitled to the return of all or part of his deposit, according as the association has funds available. In this respect, the deposits differ from other payments (entrance fees, annual contributions, etc.), of which the association may dispose at its pleasure.

The rules of the association must mention whether, the members are obliged to make other contributions besides their deposits. The 1895 law contained no provision to that effect, but the great importance of such contributions for the good working of certain associations has necessitated the insertion of this clause in the new law.

It is evident that these contributions must not be confounded with the amounts the members of an association, who are personally bound, may be obliged to pay.

#### § 4. LIABILITY OF MEMBERS FOR THE OBLIGATIONS OF THE ASSOCIATIONS

The question of the liability of members for the obligations of the association is one of the most important for legislation on economic association.

In many countries the law originally imposed the joint and several liability of all the members, but now such provisions have been modified and in recent laws this liability has been limited in many ways.

The laws of 1895 and 1911 only recognise a personal liability limited to a certain amount, or a liability limited to the amount of the deposits. There are therefore no economic associations of unlimited liability in Swedish law.

The member can only be called upon when the funds of the association are insufficient. The law contains detailed provisions, similar to the clause of the previous law, on the procedure to be followed for enforcing the fulfilment of engagements members incur through their personal liability. A person who has ceased to belong to an association will no longer be bound personally for the debts of the association, if not called upon within the year following the regular removal of his name from the list of members. This is a provision of common law and admits of no exception.

Any newly admitted member is liable for all the obligations of the association at the date of his admission.

Any application for admission into an association with liability must be signed by the applicant and expressly state that he assumes the personal liability prescribed by the rules for the obligations of the association.

Various provisions specially concern the authorization of association, the admission of members and the removal of their names from the lists, and the amendment of the rules of associations with personal liability; we shall limit ourselves to considering later on the provisions relative to the amendment of the rules.

## § 5. MEMBERS' RIGHTS.

The 1911 law limits itself to an outline of the rights of members, and the associations remain free to make what stipulations they consider best for the purpose.

In the absence of contrary provision in the rules, each member has a right to take part in the management of the business of the association, at the meetings.

Art. 7 provides that the rules mention the number of ordinary meetings the association must hold, as well as the manner of assembling the members.

On the other hand, special meetings, may also be held when called by the board of management or on request in writing supported by reasons being made by the commissioners of accounts, or on the request of a tenth of the members, unless the rules fix a lower number.

The board of management must prepare a report of the decisions taken by the association.

If a member thinks that a decision of the association has been passed regularly or is contrary to the law or the rules of the association, he has a right to bring an action against the association within two months from the date on which the decision was taken.

No person may take part in a discussion relating to a transaction between himself and the association. Similarly the members of the board of management are forbidden to take part in a discussion tending to free themselves from responsibility for an administrative measure for which they are responsible or in the appointment of a commissioner of accounts.

A member may retire at any date, unless it be laid down in the rules that resignations may not be presented until after a certain period has passed from the date of the member's entry into the association. Yet this latter provision cannot be inserted, as we already said, in the rules of an association with personal liability.

A remarkable provision in the Swedish law with regard to members leaving the associations, is that, except in certain special cases, the association may limit the right of a retiring member to the return of his deposit. The law in other countries generally, is on the contrary, that, in principle, members expelled or retiring, have an absolute right to the return of their deposits in so far as the assets of the society allow.

The 1911 law provides that any member may be expelled if the law has deprived him of his civil rights or for any other reason laid down in the rules.

If the transfer of a deposit from one person to another is requested, the board of management may accept or refuse the person substituted, just as this person had applied directly to the board for admission. However, it is laid down — (and this especially in the case of house building associations) — that the husband or wife or the heir of a deceased member has a right to take his place in the association, if there be no contrary provision in the rules.

## § 6. MANAGEMENT AND FINANCIAL SUPERVISION OF THE ASSOCIATIONS

According to the 1911 law, the management of an economic association is entrusted to a manager or a board of management. There are no therefore in Swedish law two different authorities to which the management of business is entrusted, as, for example, in Germany and in Austria, where the management is divided between an executive commission (Vorstand) and a board of management (Aufsichtsrat).

All members of the board of management must, except with special authorization from the king, be members of the association and Swedish subjects.

The board of management is elected at a meeting of members of the association, but it may also be provided in the rules that it be elected in different way. The members of the board can only be elected for two years and may at any moment be deprived of their office by the vote of the persons who elected them.

The right of the board to manage the business of the society is unrestricted, except in two special cases: unless otherwise laid down in the rules they can only sell or mortgage real estate of the association with special authorization from the members.

The board must present the commissioners of accounts with a report of their management, but the law makes no provision with regard to the wording of this report.

The organization of the inspection of accounts has generally a great influence on the prosperity of a co-operative society and the matter has been variously dealt with in the laws of various countries.

The new Swedish law contains a special provision with regard to this which was not in the older law. It is laid down that the inspection is entrusted to one or more commissioners of accounts, elected at a meeting of the association or in another way laid down in the rules, and that the board of management must, if at least a fifth of the members require it, as the Governor of the province to appoint an official inspector, to assist the commissioner of accounts in an investigation of the management of the business of the association or the examination of certain special accounts.

With regard to the other provisions of the law in reference to financial supervision we shall only say here that those charged with the inspection must conform to the special provisions issued by the association, without however, it being possible for these provisions to limit their legal power and that they must present a report on their work at a meeting of the association.

The associations are authorized themselves to decide with regard to the greater or less frequency of these inspections.

§ 7. THE WORK OF THE ASSOCIATIONS  
AND THE INVESTMENT OF THEIR PROFITS.

The provisions regulating the work of the economic associations must be very general, in view of the very various nature of the associations they regulate. The most important are the clauses regulating the right of associations to do business with the public.

This has been the subject of much discussion in every country and the provisions with regard to it vary considerably in the laws of different countries.

In Sweden, the 1895 law did not regulate the matter, and this created difficulties for the associations.

By the new 1911 law the economic associations have been authorized to sell to outsiders on condition that the sales are solely for cash. But this provision does not apply in the case of associations which principally sell to the public the produce of the labour of their members, or of the associations themselves, nor to associations for the purchase and sale of farm requisites.

With regard to the right of associations to receive deposits at interest, the law of 1911 has laid down no rules, but the law in force on banking forbids private persons or co-operative societies not subject to the laws on banks or on savings banks to do such business. Yet a bill to regulate the business in connection with members' deposits is now in preparation.

The 1911 law contains certain provisions in relation to the utilization of the profits of the association which we shall summarise as follows :

The rules must state what amount is to be deducted from the annual profits to be paid into the reserve fund, and, in case the amount of the reserve fund is limited, they must indicate the amount it must attain before contributions from the annual profits cease to be compulsory.

The surplus profits are generally divided among members and there is a provision in the law formally forbidding the use of them or other funds of the association for purposes manifestly contrary to the object of the association. Yet the association has the right to devote a very small part of its funds to some purpose of public utility.

§ 8. AMENDMENT OF THE RULES AND DISSOLUTION OF AN ASSOCIATION.

Let us finally examine the general outlines of the provisions of the 1911 law in relation to the amendment of the rules and the dissolution of an association.

Amendments of the rules are often necessary for the development of an association, but, like the laws on co-operative societies in various other countries, the Swedish law requires some guarantee against useless amendments.



No decision tending to amend the rule as to the right of a member to retire can be enforced against existing members, unless the amendment is carried unanimously or, when proposed at two successive meetings, carried, even not unanimously, at the second. No amendment tending to limit the right of a member to a share in the net assets of the association at date of its dissolution is valid if the decision was not taken in conformity with the above conditions.

When two meetings are necessary for a decision, the approval of only three fourths of the voters suffices to establish or increase the liability of members, to compel them to pay their contributions, or limit their claims to the profits. For the liquidation of the association the approval of two thirds of the voters suffices.

The associations may, besides, themselves make provisions with regard to amendments, as, for example, that no clause in the rules can be amended without the assent of the king.

The 1911 law again prescribes that no decision reducing the amount of the deposits or abolishing personal liability can have effect within the term of a year from date of its notification to the authorities with which the association is registered.

In articles 46-64, the 1911 law makes detailed provision for the liquidation and dissolution of an economic association.

It is stipulated that if the transactions of an economic association are judged to be illegal or immoral, the competent court must compel the association to go into liquidation and appoint one or more liquidators.

Besides this, an economic association must also go into liquidation if the number of its members falls below five and if it has not been able within the term of three months to obtain a number of members sufficient to ensure its good working.

After having discharged their office, for which the law makes detailed provision, the liquidators must present a report, after which the association is considered dissolved. According to the previous law, the dissolution was supposed to date from the day of the decision in favour of liquidation.

## Part II: Insurance

### GERMANY.

#### GERMAN LOCAL HAIL INSURANCE ASSOCIATIONS

by Dr. W. ROHRBECK, *Cologne.*

Hail Insurance as undertaken by local associations is not of the same importance in Germany, as, for example, in Denmark. In 1911, the risks undertaken by the local associations were only 6% of the total hail insurance risks, although these organizations were more numerous (24) than the territorial insurance institutions (15). Yet hail insurance as undertaken by the German local associations has a certain scientific interest, above all as regards the regulation of it and the form in which the insurance conditions are run up, whilst some of these organizations have existed for many years, links to which we are in a position to make a few observations with regard to the past. In my book (1), under the head of local associations I have classed: "those organizations the field of action of which is limited most to one of the confederated states or a province, or to portions of more than one of the confederated states or provinces and which, in accordance with their rules, assume the characteristic forms of associations or societies for mutual assistance". I here give the German associations coming under this head in the order of their foundation:

founded in:	Abbreviation Adopted in the Text to Indicate the Association	
Schleswig-Holstein-Lauenburg Hail Insurance Association, at Kiel (Schleswig-Holstein-Lauenburger Hagelversicherungsverein zu Kiel) . . . .	1811	Sch-H-L.
Hail Insurance Society for the Valley of the Oder, Wriezen on Oder (Hagelschaden-Versicherungs-Gesellschaft für das Oderbruch zu Wriezen a O.) . . . .	1844	Od.

(1) Die organisation der Hagelversicherung, vornehmlich in Deutschland (*Organization of Hail Insurance, especially in Germany*), Berlin, 1909.

	Founded in:	Abbreviation Adopted in the Text to Indicate the Association
South West Holstein Hail Insurance Association (Hagelschadenverein in Südwestlichen Holstein) . . .	1845	Südth.
Limited Liability Hail Insurance Society for the Principality of Ratzeburg, at Schönberg (Hagelversiche- rungsgesellschaft a. G. für das Fürstenthum Rut- zeburg in Schönberg) . . . . .	1847	Ratz.
Limited Liability Hail Insurance Society at Gre- vesmühlen (Schwerin). (Grevesmühlener Hagelver- sicherungsverein a. G. in Schwerin) . . . . .	1854	Grev.
"Grüne Tanne" Hail Insurance Society (Hagel- versicherungsgesellschaft "Grüne Tanne") . . . . .	1856	G. T.
Nusse Hail Insurance Society, at Nusse (Nusser Hagelversicherungsgesellschaft a. G. in Nusse) . . .	1857	Nu.
Probstei Hail Insurance Society (Probsteier Ha- gelschadenverein) . . . . .	1859	Prob.
Dithmar Hail Insurance Society, at Meldorf (Dithmarscher Hagelassekuranzverein in Meldorf) .	1860	Dith.
Angler Hail Insurance Association for the Duchy of Schleswig at Süderbrarup (Angler Hagelschaden verein für das Herzogthum Schleswig in Süderbrarup)	1862	Angl.
Oldenburg Hail Insurance Society, Ltd. (Olden- burg). (Oldenburgische Hagelversicherungsgesell- schaft a. G. in Oldenburg) . . . . .	1864	Old.
North East Holstein Mutual Hail Insurance As- sociation, at Neustadt (Gegenseitiger Hagelversiche- rungsverein für das Nordöstliche Holstein in Neustadt)	1875	Nordth.
North Schleswig Hail Insurance Society, at Ha- dersleben (Nordschleswiger Hagelschadenversiche- rungsverein in Hadersleben) . . . . .	1875	Nordsch.
Vistula-Nogat-Delta Hail Insurance Society, Ltd., at Neuteich (Hagelversicherungsgesellschaft des Weichsel-Nogat-Delta, Versicherungsverein a. G. in Neuteich) . . . . .	1879	W. N. D.
Mutual Hail Insurance Association for the Rural and Urban District of Dortmund and the District of Hörde, at Dortmund (Hagelschadenversicherungs- verein auf Gegenseitigkeit für den Land und Stadt- kreis Dortmund und den Kreis Hörde in Dortmund) .	1881	D. H.
Heesling Hail Insurance Society, Ltd. (Mutual Aid Association, (Heeslinger Hagelschaden Unters- tützungsverein a. G. in Heeslingen) . . . . .	1881	Hees.
"Constantia" Hail Insurance Society, at Em- den (Hagelversicherungsgesellschaft "Constantia" at Emden) . . . . .	1884	

	founded in.	Abbreviation Adopted in the Text to Indicate the Association
Neuharlingersiel Hail Insurance Society (Hagel- schaden versicherungsgesellschaft zu Neuharlingersiel)	1884	Neuh.
Rural Saxon Hail Insurance Association, at Ra- berg (Sächsischer landwirtschaftlicher Hagelversi- cherungsverein in Radeberg) . . . . .	1887	S. L.
Hail Insurance Association for the Course of the Elbe from Holstein to Elmshorn (Hagelversicherungs- verein für die Holsteinische Elbmarsch in Elmshorn)	1891	Elbm.
Saxon Military Hail Insurance Association, Ltd., Radeberg (Sächsischer Militärhagelversicherungs- verein (l) a. G. zu Radeberg in Radeberg) . . . . .	1894	S. M.
Private Mutual Aid Hail Insurance Society for the District of Enger (Privathagelunterstützungskasse für den Amtsbezirk Enger) . . . . .	1899	Eng.
Hail Insurance Society for the Schleswig <i>Mittel- schlesien</i> , at Tarp (Hagelversicherungsverein für den Mittelrücken Schleswigs in Tarp.) . . . . .	1908	M. Sch.
Wilstedt-Kirchtimke Mutual Aid Hail Insurance Association (Wilstedt Kirchtimker Hagelschaden unterstützungsverein in Tarmstedt). . . . .	1908	W. K.

The following comparative table shows the local and territorial societies existing in 1913, and the period of time they have existed.

	Local Associations	%	Territorial Societies	%
Over 100 years	1	4.2	1	6.7
Between 90 and 100 years	—	—	—	—
" 80 " 90 "	—	—	3	20.0
" 70 " 80 "	—	—	1	4.7
" 60 " 70 "	3	12.5	4	26.6
" 50 " 60 "	6	25.0	—	—
" 40 " 50 "	1	4.2	2	13.4
" 30 " 40 "	5	20.8	—	—
" 20 " 30 "	4	16.7	4	26.0
" 10 " 20 "	2	8.3	—	—
under 10 years	2	8.3	—	—
	24		15	

Thus only 41.7 % of the local associations have existed for more than 20 years as against 60 % of the territorial societies ; the proportion of the

(1) Up to 1906, Registered Limited Liability Association.

local associations that have existed for more than 60 years is as low even as 16.7 %, whilst we find it still 60 % for the territorial societies. It is very difficult to establish a comparison between the number of local associations still existing and the number of the associations founded, since, up to the decade 1850-1859, almost all these organizations had at their start, an extremely limited sphere of operations. But if we except those that at the start had a sphere of operations more or less extensive, or at least covering the territory, always sufficiently large, of a confederated state, the number of associations founded and that of those that have maintained their vitality is as follows :

Periods of Ten Years	Local Associations Founded	Associations still Working	Percentage
1790-1800 . . . . .	1	—	0
1811-1820 . . . . .	4	1	25
1831-1840 . . . . .	9	—	0
1841-1850 . . . . .	5	3	60
1851-1860 . . . . .	9	5	56
1861-1870 . . . . .	4	2	50
1871-1880 . . . . .	7	3	43
1881-1890 . . . . .	8	5	63
1891-1900 . . . . .	3	3	100
1901-1910 . . . . .	2	2	100
Total . . . . .	52	24	46

Thus even when we appreciably limit the number of local association founded, we see that only 46 % or less than half of these associations still survive. For an accurate appreciation of the work of the association founded during the last thirty or forty years, strictly speaking we should have a longer time to observe their work.

The local organizations are distributed as follows in the various part of the Empire:

Kingdom of Prussia, 17 Associations :

*With headquarters in the Provinces of*

Schleswig-Holstein . . . . .	9
Hanover . . . . .	4
Westphalia . . . . .	2
Brandenburg . . . . .	1
West Prussia . . . . .	1

Kingdom of Saxony, 3 Associations :

Grand Duchy of Mecklenburg . . . . .	2
" " " Oldenburg . . . . .	1
Free Town of Lubeck . . . . .	1

The sphere of action of the different organizations is not clearly defined so as to allow of the associations completing each other's work. On the contrary, in certain districts, we find in addition to the competition of the territorial organization also a rivalry between the local associations themselves.

To begin with the Prussian associations, let us observe that the oldest and at the same time the most developed is the Schleswig-Holstein-Lauenburg Hail Insurance Association. According to its rules (§ 2), its sphere of action includes:

Schleswig-Holstein, Lauenburg, the Principality of Lübeck, the territories of the free towns of Hamburg and Lübeck, the Principality Ratzeburg, and the portion of Mecklenburg-Schwerin bounded by a line of the Schönburg-Rhena road, then by a straight line from Rhena to Mühlen-Eichsen, the road from Mühlen-Eichsen to Bobitz and the railway from Bobitz to Klein Rostock and Stitze.

This district includes about 1.7 million hectares of farm land. As the association carries on business in several of the Confederated States, in accordance with § 2 of the law on limited liability societies, it is subject to the Council of Supervision for the Insurance Companies.

The sphere of the *South West Holstein Hail Insurance Association* includes (§ 2):

Ottensen, Nienstädten, Wedel, Rellingen, Haseldorf, Haselau, Ottersen, Seester Collmar, Neuendorf, Elmshorn, Barmstedt, Hönnerrehen, Horst, Hohenfelde, Süderau, Herzhorn, Glückstadt, Krempe, Ormsfleth, Neuenkirchen, Neuenbrock, Breitenberg, Münsterdorf, Itzhoe, Helligstedten, Krummendieck, Wilster, Buchenfleth, Wewelsfleth, Brockdorf, St. Margarethen.

This association works under the supervision of the Prussian Government, as does also the *Probstei Hail Insurance Society*, which, working only in an area of about 1,000 ha., is the smallest organization of the kind in Schleswig-Holstein.

The *Dithmar Hail Insurance Association*, works (§ 2) in the districts to the South and North of Dithmar, over an area of 107,000 ha. of farm land.

The *Angel-Hail Insurance Association* for the Grand Duchy of Schleswig, formerly only conducting operations in an area of 84,000 hectares of farm land, now works, it seems, in the whole province or at least extends its operations into the North of the province.

The *North Schleswig Hail Insurance Society*, the strongest competitor of the last mentioned organization has, carries on its business in accordance with Danish rules and Danish police regulations over an area of about 90,000 ha. of farm land. It is impossible to say how far its action extends beyond the frontier.

Further to the South we reach the sphere of the *North East Holstein Mutual Hail Insurance Association*, namely the North East of Holstein separated from the continent by the cart road from Haffkrug by Stüzel to Lütten and Plön, and thence by the Schwentine to the port of Kiel, with, including the Probstei district, about 140,000 ha. of farm land.

A number of localities in which the *Südh* works are also included within the field of the *Hail Insurance Association for the Course of the Elbe*. This association extends its operations (§ 2) to the following districts:

In Pinnberg; the urban districts of Uetersen and Elmshorn, the districts of Haseldorf, Neuendeich, Seestermühle, Kurzenmoor and Norderende, the communes of Moorege and Klosterhof, Uetersen; in Steinburg, the urban districts of Glückstadt, Krempe, and Wilster, the districts of Kollmar and Herzhorn, Borsfleth, Süderau, Horst, Hoherfelde, Neuenbrock, Wewelsfleth, Beidenfleth, Landrecht, Nortorf and Aebtissenwisch, the communes of Bahrenfleth, Hodorf Heiligenstedten to the south of the Stör, Bekmünde, Moorhusen and Krummendieck to the west of the high way.

Finally the *Hail Insurance Association for the Schleswig "Mittelruchen"* extends its operations, chiefly in the districts of Husum, Flensburg and Schleswig, over an area of about 350,000 ha. of farm land.

The sphere of action of the *Heesling Hail Insurance Association*, separated from that of the *Elbm.* by the Elbe and the boundary of Hanover, extends over the districts of Geest in Stade as well as the districts neighbouring in Lüneburg, or over about 175,000 ha. of farm land.

The *Neuharlingersiel Hail Insurance Association* and the "Constantia" work in the district of Aurich, containing 197,000 ha of farm land.

The *Wilstedt-Kirchtimke Mutual Aid Hail Insurance Association* works in 13 communes, namely:

Altenbülstedt, Breddorf, Buchholz, Dispsborn, Hepstedt, Kirchtimke, Neuenbülstedt, Ostertimke, Steinfeld, Tarmstedt, Vorwerk, Westertimke, and Wilstedt, in the district of Zeven.

In Westphalia, the *Mutual Hail Insurance Association for the Rural and Urban District of Dortmund and the District of Hörde, Ltd.* (§ 1) extends its operations over the urban and rural districts of Dortmund, Bochum and Gelsenkirchen, and the district of Hoerde, as well as the urban district of Witten and Herne, in all 44,000 hectares while the *Private Mutual Aid Hail Insurance Society for the District of Enger* limits its operations to the district of Enger and is the smallest of the German organizations of this class.

In Brandenburg, the *Hail Insurance Society for the Valley of the Oder* works:

in the Valley left of the Oder from Lebus to Neu-Gliezen and Freierwalde; the environs of Altzesche and Mahlsch, and the territory belonging to the town and within the jurisdiction of the court of Lebus as well as the village of Kietz near Küstrin, 70,000 hectares.

In East Prussia, the *Vistula-Nogat Delta Hail Insurance Society* (§ 1) works among the high hills and the valleys of Marienburg, the hills and valleys of Dantzic, the lower hills of Marienburg, the small and low plain of Elbing and the territory of Dantzic as far as Polsk, with all the plain of the Vistula.

The three local associations of Saxony extend their operations, in co-

comity with their rules (G. T. § 3; S. L. § 1; S. M. § 3), over the whole kingdom, say over 950,000 ha. of farm land.

In Mecklenburg, the *Hail Insurance Society for the Principality of Ratzeburg*, undertakes risks, in the Principality of Ratzeburg, the Prussian district of Lauenburg, and the districts of Rhepa, Grevesmühlen, Schwerin, Wismar and the town of Lübeck, over an area of about 315,000 ha.; the *Grevesmühlen Hail Insurance Association*, in its turn, does business in the two grand-duchies, over an area of more than 1,000,000 ha. of farm land.

The *Oldenburg Hail Insurance Society*, with its head quarters at Oldenburg conducts operations (§ 2):

in the grand duchy of Oldenburg, the territory of the free town of Bremen, the rural districts of Aschendorf, Hümmling, Meppen, Bentheim, Lingen, Bersenbrück, and Wittlage, as well as in Stade and Aurich, over an area of 1.1 million ha. of farm land.

Finally, the *Nusse Hail Insurance Society*, with head quarters in the Hanse Town of Lübeck extends its operations over the following areas (§ 2):

the territory of the Hanse town of Lübeck, the Principality of Ratzeburg, the territory of the Hanse Town of Hamburg, the portion of the Grand Duchy of Schwerin, west of the railway Wismar-Kleinen Schwerin, Ludwigslust-Dömitz, the portion of the province of Hanover north of the railway Salzwedel-Uelzen-Soltau-Bremen, the Principality of Lübeck and the portion of the province of Schleswig Holstein south of the railway Altona-Elmshorn-Neumünster-Kiel, about 1.2 million ha. in all.

I have thought it necessary to give this detailed information in order that the reader may have a complete idea of the sphere of action of the various German local hail insurance societies, on which there has scarcely been anything written up to the present, because these details are essential for the formation of a correct estimate of the work of these associations. Although the *Schleswig-Holstein-Lauenburg Hail Insurance Association* extends its action over the largest area, in 1912, its business was represented by an assured amount of only 26 million marks, while, allowing that the amount to be assured is 400 mks. per ha. (1) and that the association only insured 10% of the farm land within its field of action, the amount assured should have been 272 millions or ten times that actually shown. In this class of associations, as indeed in all hail insurance undertakings generally, this limitation of the field is due to the inevitable necessity of distributing the insurers' risks. The *Grevesmühlen Hail Insurance Association* in 1912 had assured 17 millions in an area of only about 1 million ha. of farm land. On the same principle as above, we should calculate that the amount to be assured against hail in Mecklenburg would be 160 million or nearly twice what the *Grevesmuehlen* association insures. If it be true that hail insurance is very much practised in Mecklenburg and that the territorial societies do a business equal to that done by the *Grevesmuehlen* association, so that the

(1) See Deutsche Landw. Rundschau. Year 1911. Page 31.



margin left uninsured is comparatively small, it is yet indubitable that the business of the local and territorial associations is equalized by mutual competition. If the whole harvest were insured by a single local association, which, of course seldom really happens, not only would the eventual destruction of the crop by hail compel the association to go into liquidation, but would also lead to the complete ruin of hundreds of individuals, in case the total amount assured had to be paid, for, according to German law, members of mutual insurance associations are all jointly and severally liable for the society's obligations and so in the insurance policies of most of the local German associations special clauses are inserted limiting the joint and several liability. I shall deal with this matter hereafter more in detail. This limitation is absolutely necessary and must be insisted on by the council of supervision.

I now pass to a systematic analysis of the various rules and conditions for insurance, examining in turn the constitution and management, as well as the clauses in the policies.

#### § 1. LEGAL CONSTITUTION AND MANAGEMENT OF THE LOCAL ASSOCIATIONS.

Legislation on local organizations is generally based on the principles of association; the board of management as a rule serves without remuneration.

There are of course, in certain cases, important differences. We must remark that some local associations do not observe the provisions in force with regard to the authorization of their business; others, it seems have not been approved by the authorities. These associations, for the most part, were formed before the coming into force of the Civil Code and the law on private insurance companies. It is quite natural, for example, that the *Private Mutual Aid Hail Insurance Society for the District of Enger*, in view of its purely local character, should have no printed rules, but be governed in accordance with a simple notarial act (1). In 1912 it had 99 members. The South West Holstein Hail Insurance Association is in fact only a section of an agricultural association. For this reason, in its rules no mention is made of the head quarters of the association. The hail insurance societies are very often attached to other organizations, either to agricultural associations or to fire insurance societies (2).

To facilitate comparison, in the account I am giving, I adopt the following main subdivision of the subjects of the various rules:

1. Executive authorities of the local associations;
2. Acquisition and loss of members' rights;
3. Administration of the funds of the society.

(1) This is why in the following account no mention is made of its rules and its conditions of insurance.

(2) *Dtsh. § 1.* (Attached to the Principal Agricultural Association of Süderdithmarschen). *Op.*

§ 1. (Attached to the Chamber of Agriculture). C. § 2 (Attached to the Fire Insurance Society).

### A. General Meeting.

One ordinary general meeting in the year is usually necessary (1). This meeting is as a rule called during the first four months of the year, but in some associations it is held in May and June and in a very few in autumn. There is only one organization that has not fixed a period for its general meeting.

With regard to the *voting rights*, at the general meeting, the provisions vary considerably, first between associations in which the decisions in the last instance are taken by the *delegates* of the insurers and those that try as far as possible to profit by the co-operation of *each* of the insured.

In associations of the *first* class, the right of voting depends on the amount assured in the district the delegate represents (2); generally the votes have equal value (3). The members have usually the right to speak even without voting.

In associations of the *second* class, the principle that each member has the right to one vote generally prevails. It is thus only a right in accordance with pure and simple justice. There are, however, exceptions. Thus, for example, as soon as a fixed minimum of the amount assured is required in order to give a right to vote, we often find a graduation of the right, and a member may have several votes in proportion to the larger or smaller amount assured, up to a maximum of 5. (4) In some associations, voting rights are only granted to members who are of age. (5) In exceptional cases in certain associations, to obtain the right to vote, the members must make application in advance. (6).

(1) Except *Südh.* § 20 (The meeting is only necessary for the amendment of the rules) and *C.* § 31 (the meeting must be called every three years).

(2) *Angl.* § 4 (up to 100,000 M. 1 vote, 250,000 M. 2 votes, 500,000 M. 3 votes, 1 million M. 4 votes, and above 1 million M. 5 votes).

(3) *Od.* Art. 12, the general manager has the casting vote; in case of specially important resolutions (election of general manager, amendment of the rules, dissolution of the society, expulsion of members etc.), a special delegation consisting of 5 district managers is invited to attend the meeting. — *Dith.* § 5; *C.* § 31.

(4) *Rats.* § 10, an assured amount of 1,000 M. gives right to 1 vote, between 10,001 and 100 to 2 votes, and above that to 3 votes. *Gre.* § 12, every 25,000 M. assured (above 10 M. — an extraordinarily high minimum. The members of the board of supervision and representatives of districts alone always have voting rights) gives right to 1 vote; a member cannot have more than 5 votes. In *Sch. H. L.*, in conformity with §§ 7 and 5a of the law, voting rights are principally conferred on members who have 5,000 M. assured to them on 50 ha. of cultivated land, without graduation of votes. Besides, in *Nordh.*, in terms of the law, to obtain voting rights, the member must have 100 ha. of land fit for cultivation.

(5) For example, *Nw.* § 37.

(6) *Gre.* § 12 (3 days before the general meeting; the board of supervision and the district representatives alone are dispensed from this formality. This provision is, in my opinion, severe and not in the interest of the members).

For the decisions of the general meeting as a rule a simple majority of votes is enough; the only deviations from this rule (1) allowed are in cases of the introduction of amendments of the rules or changes in the conditions of insurance (2), or the dissolution of the association. The President has the casting vote.

The essential object of the general meeting is to deal with the usual matters of general business, such as: the passing of the accounts, the approval of the acts of the board of management and the council of supervision, if there is one, election of the members of the council of supervision, district presidents, appraisers and inspectors, amendment of the rules and conditions of insurance, dissolution of the society and other proposals on the agenda. Among other matters periodically submitted to the meetings, let us mention: the election of the board of management, rejection of such or such a person proposed as member and the expulsion of members, enlargement of the sphere of action of the association, complaints made against the board of management, remuneration of the employees and security to be given by the book keepers, estimation of damage, travelling allowance to members of the board of supervision, experts and inspectors, eventual remuneration of the board of management, measures to be taken against members of the board of management and district delegates, in case of their exceeding their powers and their eventual dismissal.

In addition to the ordinary general meetings the majority of the rule provide for the assembly of special meetings (3). In certain associations the board of management alone decides on the calling of special meetings

(1) *C.* § 32; *Sch. H. L.* § 24, a majority of  $\frac{3}{4}$ ths. *Od. Art.* 13, in *Südh.* no deviations are contemplated; *Ratz.* § 29, majority of  $\frac{3}{4}$ ths. (provided that at least the half of the amount assured be represented in the meeting), similarly *Gre.* § 36; *Gr. T.* § 14; *Nu.* § 41, a majority of  $\frac{2}{3}$ ths. of the members present at the meeting and these must be at least two thirds of the total members. *Dilh.* § 10, if the number of members falls below 100, a majority of  $\frac{3}{4}$ ths. *Angl.* no deviation contemplated. Similarly *Prob.*, *Old.* § 38, majority of  $\frac{3}{4}$ ths. of the member represented, similarly *Nordh.* § 8; *W. N. D.* § 51. Half of the members must be represented (majority of  $\frac{3}{4}$ ths.); *D. H.* § 48, majority of  $\frac{3}{4}$ ths. of all the members and approval of the Government of the King; *Hees.* § 31, majority of  $\frac{3}{4}$ ths., *C.* § 37, majority of  $\frac{3}{4}$ ths. of the members present forming at least two thirds of the members with voting rights. *Angl.* § 10 if the number of members falls below 20, a majority of  $\frac{3}{4}$ ths. of those present. *Elw.* § 44, a majority of  $\frac{3}{4}$ ths. of the members present forming at least  $\frac{2}{3}$ ths. of the total number of members; *S. M.* § 28, majority of  $\frac{3}{4}$ ths; *K. W.* § 8, the same. *M. Schl.* No deviation contemplated.

(2) *Schl. H. L.*  $\frac{2}{3}$ ths. of the votes; similarly *Ratz.* § 11; *Gre.* § 13; *Nu.* § 43 (in addition to the members of the board of management, the meeting must be attended by 20 members with right to vote); *Old.* § 17, majority of  $\frac{3}{4}$ ths.; *W. N. D.* § 10, majority of  $\frac{2}{3}$ ths., on condition that half the total number of members at least attend the meeting; *D. H.* § 47, majority of  $\frac{3}{4}$ ths.; similarly *Hees.* § 14; *S. L.* § 9; *Elmb.* § 22; *S. M.* § 19; *W. K.* § 8; *M. Schl.* § 20, majority of  $\frac{2}{3}$ ths. Similarly *Angl.*; *Od. Art.* 13, majority of  $\frac{3}{4}$ ths. *Dilh.* No special provisions; *Gr. T.*; *Prob.*; *Nordh.* § 8, simple majority.

(3) Except *Dilh.*; *Prob.*; *Nordh.*; *W. K.*; *M. Schl.*, the rules of which do not provide for the calling of special meetings.

most usually (1) they are summoned in writing, with the reasons duly given, either at the instance of members (2) or of the Council of Supervision (3) (4) (5) sometimes only when the interests of the association require it (6). Notice of the calling of the special general meeting must be given between and 4 weeks in advance either in writing to members, or by means of advertisements in the papers specially named for the purpose.

### B. Board of Supervision.

The powers of the board of supervision vary greatly in the various associations. In some its functions are discharged by the district managers in concert with the board of management (7), or else there is a special body (8), or, finally, there is no board of supervision at all (9). This absence of any board of supervision, however, cannot inspire anxiety, as the board of management is regularly formed of members of the association and is consequently jointly and severally liable for the engagements of the association. The duties of the board of supervision, in the first place, are concerned with matters of general order which are also common to the large mutual associations, namely, orders to be given to the board of management for the expedition of business, examination of the accounts and balance sheets, decision with regard to the calling of the general meeting, preparation of its agenda and the reports to be submitted to it, establishment of the maximum rate of insurance premium and the collections to be made, decisions with

(1) *Od.* Art. 13; *Süd.* § 20.

(2) It is understood that the special meeting is always called, when the general meeting is so decided, or the Council of Supervision demands it, also in cases of liquidation, bankruptcy, etc.

(3) *Ratz.* § 9 (30 members with right to vote). *Gre.* § 11 (50). *Gr. T.* § 12 (¼th. of the members), *Nw.* § 35 (50), *C* § 31 (ev. ⅓rd. of the members with voting rights). *Neuh.* § 12 (ev. 1/10th. of the members), similarly *S. L.* § 4. *Elbm.* § 21 (ev. 30).

(4) *Gr. T.* § 12; *Old.* § 18.

(5) Combination of Nos. 1 and 3 in *Angl.* § 4 (ev. 5 members), *W. N. D.* § 15 (ev. 20); combination of Nos. 3 and 4. *Sch. H. L.* § 10, combination of Nos. 1, 3 and 4 in *D. H.* § 33 (ev. ¼th. of the lots of land insured).

(6) *Hees.* § 11, combination of Nos. 4 and 6; *S. M.* § 19 (ev. 20).

(7) *Od.* Art. 8. (Managers discharging the functions of the board of supervision); *Gr. T.* § 11. (Special Commission); *Dith.* § 5 (Meeting of District Presidents); *Nordh.* § 8 (Meeting of Board of Management); *C.* § 3 (Meeting of District Delegates); *Neuh.* § 13 (Principal Delegates); *Elbm.* § 8 (Board of management, representatives and 7 substitutes).

(8) *Sch. H. L.* § 11; *Ratz.* § 13; *Gre.* § 15; *Old.* § 12; *W. N. D.* § 24; *D. H.* § 40; *Hees.* § 15; *S. M.* § 15. *M. Sch.* § 3.

(9) *Süd.*, *Nw.* (In these associations the members of the board of management receive special remuneration for the discharge of the duties of the Council of Supervision; the despatch business is entrusted to the accountant); *Angl.* (The functions of the Council of Supervision with regard to the revision of the accounts are discharged by expert accountants); *Prob.* § 3 (board of management and accountant); *W. K.*

regard to the assets of the association and in particular to the purchase of land, choice of appraisers, settlement of the amount of entrance fee, designation of the districts and offices for collecting premiums, supplementary premiums and fines. In the rules of one institution we find a special clause to the effect that there must exist no relationship by blood or connection by marriage, within the first degree (1), between any member of the council of supervision and any member of the board of management or the cashier.

The duties of the members of the board of supervision are honorary. Disbursements in money in the interest of the association are either repaid in full (2) or by means of a fixed allowance (3) or an allowance fixed in each special instance at the general meeting (4). In certain isolated cases the members of the board of supervision can claim no compensation (5).

### C. Board of Management and District Managers.

As I have said, the members of the board of management are generally members of the association. As a rule, their services are not remunerated (6) but they are usually compensated for expenses and special services according to the decision of the general meeting; they receive the same daily and travelling allowances as members of the council of supervision. The duties the board has to perform for the association are to sue at law and represent the association whenever circumstances require it; for the purpose, the board is generally represented by its president (manager or general manager). The board of management also supervises the internal administration, the accountant is under its control, and it gives orders as to the collection of money from members, the estimation of damages, etc. The district managers often receive an office allowance or even brokerage (7).

(1) *W. N. D.* § 24.

(2) *Sch. H. L.* § 18.

(3) *Ratz.* § 22 (Daily allowance of 6 M. — Travelling allowance 10 pf. per kilometre of rail and 15 pf. per km. travelled in any other way); *Grev.* § 27 (Daily allowance 12 M. Travelling allowance 15 pf. per km. by rail and 50 pf. per km. travelled in any other way); *Old.* § 18 (Daily allowance 10 M. and 5 M. per night, plus expenses); *Nordh.* § 7. (Daily allowance 9 M. and travelling allowance 10 pf. per km. travelled by rail and 40 pf. per km. travelled in any other way. Repayment of postage); *Dith.* § 6 (Daily allowance 3 M., travelling allowance 15 pf. per km. of rail and 30 pf. per km. travelled in any other way); *W. N. D.* § 50 (travelling expenses 1.50 M. per 7 1/2 km.; Daily allowance 12 M.). *C.* § 34 (allowance of 9 M. per day and 6 M. per night, 2nd. class railway fare, 1st. class stramer fare, 30 pf. per km. travelled in any other way); *Neuh.* § 9 (Daily allowance 6 M. and 50 pf. per hour travelled).

(4) *Gr. T.* § 7; *Hees* § 17; *S. L.* § 3; *Elbm.* § 7. *S. M.* § 15.

(5) *M. Sch.* § 4.

(6) There seem to be exceptions in the case of *Grev.* § 22 and *Old.* § 11 (Payment calculated at 9 pf. per 1,000 M. assured).

(7) For example, *Nu.* § 31, 50 pf. for each member of the district or *C.* § 35, 1 M. per declaration and 3 % of the premiums collected. In *Neuh.* even 5 %.

## D. Accountants.

The accountants (secretaries) are employees of the association receiving fixed salary; they despatch current business (correspondence) and manage the office as far as is necessary. Their salaries are in proportion to the work they do, they are moderate: yet in some organizations they are comparatively rather high (1). Very often the work is performed by the president.

## E. Appraisers.

These are, as a rule, members; they cannot refuse the charge. They are chosen at the general meeting, or by the council of supervision, often for term of years and receive their powers from the board of management. The district managers are often at the same time appraisers; in other associations the valuations are made by experienced farmers in concert with the district managers. In some cases the rules contain a special clause to the effect that there must be no relationship by blood or connection by marriage between the appraisers and the insured who are to be compensated. Generally before undertaking their work the appraisers take oath and receive special instructions. The rate of remuneration varies very considerably (2). In some associations the general meeting fixes it in each special case (3).

(1) For example, *Sch. H. L.* § 18, Salary of 3,000 M. least, including expenses and office allowance. At present 5,200 M., besides a fixed rate of 3 M. per registration of each new lot of land.

(2) *Sch. H. L.* § 18 (14 M. daily allowance and 6 M. for travelling; besides lodging, food, fodder and stabling all to be supplied by the insured party to be compensated); *Od.* § 2 (9 M. daily allowance and 2 M. travelling allowance for each mile or fraction, including return journey). *Seidh.* § 15 (6 M. daily allowance and 3 M. per mile or fraction of mile, including return journey). *Rat.* § 22 (10 M. per day for the first valuation, and 3 M. per day in each successive valuation. Maximum 16 M. in all., travelling allowance 10 pf. per km. by rail, 30 pf. per km. travelled in any other way); *Grev.* § 27 (in the case of insurance exceeding 10,000 M., for first valuation, 12 M.; for each successive valuation 6 M.; in the case of insurance for smaller amounts, 4 M., maximum total, 30 M., railway 15 pf. per km.; travelling in other ways 50 pf. per km.). *Nw.* § 31 (10 M. per day including travelling expenses); *Dith.* § 6 (4 M. per valuation. Maximum total 12 M. Travelling by rail 15 pf. per km., travelling in other ways 30 pf. from 6 km. from domicile up to 10 km. 3 M. supplementary allowance; *Angl.* § 10 (5 M. per day, food and lodging for self and horses at the charge of the insured person concerned); *Old.* § 31 (10 M. per day, chief appraiser 15 M., night allowance 5 M. and travelling allowance at the rate of 20 pf. per km. in cart or on foot); *Prob.* § 23 (2.40 M. per day); *Nordh.* § 7 (9 M. per day, food and lodging at the charge of the insured person concerned); *W. N. D.* § 50 (12 M. per day and travelling allowance at the rate of 1.50 M. per 7 ½ km.); *C.* § 34 (9 M. per day and 6 M. per night, 2nd. class railway fare, 30 pf. per steamer per km.). *Neuh.* § 14 (6 M. per day, 3 M. per night); *S. L.* § 4 (6 M. per day, 10 M. including the night. 3rd. class railway fare and 30 pf. per km. for carriage of implements); *W. K.* (6 M. per day); *M. Schl.* § 12 (10 M. per day and travelling allowance).

3) *D. H.* § 41., *Hees* § 17.

## F. Agents.

A very limited number of associations employ the services of professional agents (only the *Greve*). The place of agents is generally filled by the district managers. But private individuals serving as agents are only employed as simple intermediaries and have not the position of confidential agents, so that important missions (especially the declaration of disasters) cannot be legally entrusted to them.

## § 2. ACQUISITION AND LOSS OF MEMBERS' RIGHTS.

To obtain members' rights it is generally necessary and sufficient to make application to the competent district manager. Generally, all farmers of the region to which the sphere of action of the association extends are readily admitted as members without distinction (1). Yet in certain cases admission is made conditional on a minimum (2) or a maximum (3) of value assured, or a minimum (4) or maximum (5) area of farm land; some associations, to avoid an excess of entries in their books, and to reduce the general expenses as far as may be, require, in cases of small lots of land or insurance below a certain minimum, that the parties concerned unite in groups, to form, so to speak, small secondary associations each of which charges a delegate to notify disasters and collect the premiums for the association (6).

Members' rights may be lost:

(a) by denunciation of contract and withdrawal of the member from the association (7);

(1) *Gr. T.* § 4; *Angl.* § 2; *Old.* § 4; *Prob.* § 3; *W. N. D.* § 26; *D. H.* § 3; *Hes.* § 4; *Neuh.* § 3; *Elbm.* § 4; *W. K.* § 6; *M. Sch.* § 2.

(2) *Rals.* § 1, minimum assured 100 M.; *Greve* § 1, 300 M.; *C.* § 10, 500 M.

(3) *S. L.* § 2; 8,000 M.; *S. M.* § 3.

(4) *Od.* § 3, lots of less than 10 ares.

(5) *Rals.* § 1, areas of over 150 ha.; *Nw.* § 6: 150 ha.

(6) *Sch. H. L.* § 5, holdings with less than 50 ha. of land fit for cultivation; *Nordh.* § 1; of less than 100 ha.

(7) *Sch. H. L.* § 8, up to Dec. 31st.; *Od.* Art. 30 at any moment, only not after payment of the preliminary premium and of the policy; *Südh.* § 4, at any moment on notice to the district manager, except during the period May 1st.-November 1st.; *Rals.* § 9, up to October 15th. *Greve* § 6, before March 1st. (charge for cancellation). *Gr. T.* § 4, up to 31st. March; *Nw.* § 9, in writing before the end of the financial year; *Düh.* § 2, in writing to the manager before the New Year; *Angl.* § 19, in writing to the district manager for June 1st.; *Old.* § 23, up to December 31st. *Prob.* § 7, after payment of premium; *Nordh.* § 13 (charge for cancellation), *W. N. D.* § 25 cancellation to be effected four weeks before the close of the financial year; *C.* § 13, a fortnight before the close of the working year; *Neuh.* § 20, before the 1st. March, at the manager's office; *S. L.* § 2, up to 31st. October; *Elbm.* § 5, a month before the closing of the working year, at the managers' office; *S. M.* § 11, up to September 30th. at the manager's office; *W. K.* § 4, up to October 1st.; *M. Sch.* § 10, up to June 1st.

- (b) by denunciation of contract on the part of the association (1);
- (c) by expulsion from the association (2) (3);
- (d) by bankruptcy (4).

In case a member dies (5) his heirs generally take his place in the association, in accordance with the law on insurance contracts.

### § 3. ADMINISTRATION OF THE FUNDS OF THE ASSOCIATIONS.

Naturally the administration of the funds is not so important in the local associations as in the large Societies. Yet in 1910 the capital of the local associations amounted to 2.05 million marks, a sufficiently large amount. The reserve fund is generally considered as intended to meet extraordinary expenditure, only in the second place can it be used for the reduction of premiums (6). It appears also as the balance for the working capital (7). In one organization the reserve fund is even utilised to reduce members' premiums for 6 years' insurance and to meet extraordinary expenditure (8). In one of the local associations a distinction is made between the reserve fund and the savings fund (9); the first is considered as belonging definitely to the association, whilst in the case of the second the ownership of the insured is admitted and they are credited with a certain part of the interest on their contributions and are paid 50 % on their capital when they leave the association. In some organisations the management of the funds of the association is only of secondary importance (10). Very often a maximum limit is fixed for the reserve fund, either as a percentage

(1) *Rat.* § 9; *Grev.* § 6; *Old.* § 23; *S. M.* § 11.

(2) *Sch. H. L.* § 8, in case of serious breach of the rules to the detriment of the interests of the association, by the general meeting; *Nu.* § 10, if the member does not pay his annual contribution in due course; *Dith.* § 2, without statement of grounds; *Angl.* § 21; *Nordh.* § 13; *D.* § 11, if the member does not make all the payments he has to when due and does not fulfil his obligations; *Hees.* § 5, without statement of grounds; *S. L.* § 2, if the member does not fulfil his obligations; *Elbm.* § 5, breaches of the rules (appeal.)

(3) *Od.* Art. 32, only contemplates the case of refusal to admit such or such a farmer who is not yet a member;

(4) *Grev.* § 6 (and judicial liquidation); *Angl.* § 20, right of the association to cancel contracts § 13. *Elbm.* § 5.

(5) Except *Gr. T.* § 4.

(6) *Rat.* § 26; *Grev.* § 32; *Old.* § 36.

(7) *Nordh.* § 12; *Neuh.* § 6.

(8) *Grev.* § 32, the utilisation of the reserve fund for the reduction of the premiums is not in accordance with the interests of the association, as only a certain number of the insured (in the case the largest number) thus benefit by it.

(9) *Od.* Art. 21, a very important distinction. This association holds the second place among the local German organizations in regard to the amount of its capital.

(10) *Angl.* § 5, although the association has made considerable progress; *Prob.*; *M. Sch.* the reserve fund is only the cash.



centage of the total amount assured (1), or of the amount of the premiums collected (2) or at a definite figure (3). Very seldom is a minimum fixed for the reserve fund (4).

The capital of the association must generally be safely invested at interest. Yet in certain associations the board of management is left a considerable liberty in the investment of the capital which makes it possible to have it invested by the members themselves independently of the insurance association. (5) In certain cases a minimum is fixed for the amount of cash deposited in the bank (6) or in hand (7). The receipts which go to increase the *reserve fund* are naturally not always the same in all the associations. There is, it is true, a certain uniformity in so far as the eventual balance for the year and the interest on capital (8) is placed to the reserve fund.

To these receipts are sometimes added fines (9), unclaimed bonuses and compensations (10), retirement fees, (11) interest on premiums, (12) certain fixed charges levied on small premiums and entrance fees (13) collected until the capital of the association has reached a certain amount (14), amount held back from the compensations paid, (15) profits on the rate of exchange of securities in case, special receipts (16), a fixed proportion of the member annual payments (17). In some isolated cases the amounts assigned to the reserve fund are fixed each year by the board of management or the council of supervision (18).

(1) *Sch. H. L.* § 19 (2 %); *Nu.* § 22 (5 %) *C.* § 28 (6 %); *Elbm.* § 28 (1 %); *Dnk.* § (2 %); in *D. H.*, § 18 as percentage of the number of ha. (20 times).

(2) *Hees.* § 29 (100 % of the average amount of the last 3 years); *W. K.* § 15 (100 % of 1 annual amount of premiums).

(3) *Südh.* § 13 (30,000 M., really far exceeded); *Neuh.* § 6 (30,000 M.) *W. N. D.* § 32 1 300,000).

(4) *S. M.* § 26 (1,000 M.).

(5) *Od.* Art. 23, the general manager has the right to grant loans to corporations or private individuals, or to buy securities; the loans to private individuals are granted on the security of bills (2 guarantors) or notes to order (2 guarantors) or a mortgage redeemable at six months' notice; also *S. L.* § 8, requires investment at interest, redeemable at three months' notice.

(6) *Grev.* § 32 1 (1/2 %); *Ratz.* § 27.

(7) *Angl.* § 5.

(8) *Sch. H. L.* § 19; *Od.* Art. 21 (1/2 the surplus is placed to the reserve, 1/2 to the saving fund); *Ratz.* § 26; *Nu.* § 22 (Surplus of the contributions below 40 pf.); *D. H.* § 18; *Hees.* § 29 *W. K.* § 15.

(9) *Sch. H. L.* § 19; *Od.* Art. 21.

(10) *Sch. H. L.* § 19; *Ratz.* § 26.

(11) *Od.* Art. 21.

(12) *Od.* Art. 21.

(13) *Nu.* § 22. (10 pf. per 100 M. of the amount assured); *C.* § 28; *Neuh.* § 6; *S. L.* § 14; *Ratz.* § 26; *Nu.* § 22; *W. N. D.* § 32; *Neuh.* § 6; *Elbm.* § 28 etc.

(15) Only in *Grev.* § 32.

(16) *Grev.* § 32; *Elbm.* § 28 etc.

(17) *Hees.* § 29; *S. L.* § 8; *W. K.* § 15.

(18) *S. M.* § 26.

It is seldom (1) that the reserve fund is used without restriction for compensations for disasters. Generally it is stipulated in the rules that the reserve fund may be employed for the purpose within certain limits: only up to the amount of two thirds (2) or one half (3) of its amount. The limitation is in certain cases in proportion to the amount of the premiums (4); sometimes it is provided that only when the reserve fund has reached a certain amount may deductions be made from this fund for the purpose of reducing the premiums; but till the reserve fund has reached this amount, only the interest on it may be employed for the above purpose (5).

#### § 4. CONDITIONS OF INSURANCE IN THE LOCAL ASSOCIATIONS.

Like the provisions of their rules, the condition of insurance in these associations hardly correspond with the laws in force, especially with the law on insurance societies. Therefore cogent provisions of the law are often opposed to the provisions of the self governing association. In the following account we bring into relief and comment on the provisions which are of interest in connection with the corresponding clauses of the insurance companies of a certain importance.

We shall proceed in the following order, dealing with: (1) Limits and object of insurance; (2) declaration; (3) insurance dues; (4) compensation.

##### A. *Limits and Object of Insurance.*

The territorial mutual insurance societies distinguish very sharply between the commencement of the insurance and the conclusion of the tract; the same is not the case in the local mutual associations. Not all associations (6) fix precisely the date from which the risk is covered. Most often the decisive conditions for insurance are the presentation and the acceptance of the application. (7). This is due largely to the fact that, as a general rule, the term of the insurance contract is one year, so that a previous guarantee is only necessary when the contract is considered

(1) Apparently *Angl.* § 5. In *S. M.* § 26, at least up to the minimum amount of the fund; *h.* § 13, here the utilisation of the reserve fund to a greater or less extent for compensations for disasters does not depend on the amount of the fund but rather on the total amount of sums to be paid; similarly *Dith.* § 14. *Hees.* § 29.

(2) *S. L.* 8.

(3) *Gre.* § 32; *Nu.* § 23; *Nordh.* § 12; *C.* § 28; *W. K.* § 15.

(4) *Old.* § 36.

(5) *Od.* Art. 27; *Ratz* § 28; *Neuh.* § 6.

(6) *Sch. H. L.* (March 1st. for plants with edible roots, and for tuberous plants June 15th.); *h.* § 5 (May 1st.); *Gre.* § 5 (sugar beet, from date of extraction); *Dith.* § 7 (April 1st.); *h.* § 9 (March 1st.); *W. N. D.* § 5 (April 1st.); similarly *Neuh.* § 21.

(7) *Gre.* § 5; *Old.* § 21; *Nu.* § 7.

as having been tacitly renewed if it has not been denounced. Still less precise are the provisions of the clauses with regard to the *extinction* of risks. Generally, the extinction of the risk corresponds with the gathering of the harvest (1).

The objects insured naturally depend in the first place on the kind of crops to which the local conditions of the district (2) specially lend themselves; and account is taken of certain precautionary measures to be adopted for a reasonable distribution of the risks which seem more or less suitable to the different districts.

I shall have to return to this matter repeatedly. In view of the desirability of a distribution of risks, certain organizations find themselves compelled to demand that certain members insure *all* their crops, (3) and that, on the other hand, in the case of other members, it is necessary to refuse to insure such and such crops, as specially liable to damage from hail (4). Both courses, in my opinion, are based on the necessity of reducing the ill effects of an excessive limitation of the sphere of action of the association. In any case certain individual risks of greater importance are only undertaken together with others of less gravity (5).

#### B. The Declaration.

The person insured must regularly present every five years (6) in triplicate a plan of his farm with indication of the area under each kind of crops (7) at a date (8) generally established by mutual agreement. The

(1) So expressly in *Nordh.* § 9; in *Südh.* § 5, Nov. 1st; *W. N. D.* § 5; *Neuh.* § 21; *Elbm.* § 23, October 15th; in *W. K.* § 2, October 1st.

(2) Thus, we find, for example, in Schleswig Holstein, canary seed; *Sch. H. L.* § 3; *Dith.* (osiers); *Südh.* § 5 (mustard, fennel, anise).

(3) *Gr. T.* § 4; *C.* § 7; *Neuh.* § 15.

(4) No kind of clover and seed grass, no garden plants. *Sch. H. L.* § 3, no seed grass, not clover and tobacco; *Grev.* § 1, no oleaginous grains, no textile plants, no plants grown for commerce; *Nw.* § 2, no garden plants, nor tuberous plants, nor edible roots; *Dith.* § 3, no pulse; *Angl.* § 1, similarly; *Prob.* § 2, no tobacco; *W. N. D.* § 3, no fruit; *D. H.* § 4, no textile plants, no plants grown for trade; *Hees.* § 2, no plants grown for trade; *S. H.* § 1, no plants grown for trade; *Elbm.* § 23, no oleaginous grains, no plants grown for trade; *W. K.* § 1, no plants grown for trade; *M. Sch.* § 1.

(5) For example, *Old.* § 19 (radishes, rape, flax, buckwheat only together with pulse). *Od.* § 2 (Tobacco).

(6) In *Prob.*, the amount assured by each member is, it seems, in the years in which there are disasters, only given after these occur. This information, from a private source, is not in accordance with the clauses of the policy.

(7) Or at least the area sown (*Prob.*). In *Od.* § 10, it is sufficient for the farmer to give the number of ha. for each crop.

(8) *Sch. H. L.* § 5 (June 1st.), similarly *Od.* § 4; *Südh.* § 6 (May 1st.), June 1st at latest; *Gr. T.* § 5 (May 1st.), *Nw.* § 12 (June 1st.), similarly *Angl.* § 2; *Prob.* § 8 (end of May); *Nordh.* § 9 (June 1st); similarly *Neuh.* § 20; *Elbm.* § 25 (April 30th.); *W. K.* § 2 (June 1st); similarly *M. Sch.* § 10.

value of each of the crops is calculated either at a fixed rate per ha. (1), or according to an estimation made by the farmer himself, or indeed according to a maximum amount (2) fixed by the association. The system of a uniform valuation per ha. for crops to be insured contributes in its turn to equalise the risks of an excessive localisation of insurance. The same equalisation of risks is also contributed to by the system generally followed of reserving to the insured party the right of fixing the value of his various crops, while, on the other hand, calculating the compensation to be paid in accordance with the market price as carefully ascertained. (3). Thus, as far as is practicable, the principle that insurance must not be contracted for purposes of gain is realised.

Sometimes the insured are obliged to state whether they have previously suffered losses through hail (4). Double insurance is naturally not allowed (5); the insurance of any crop in another organization in its turn entails forfeiture of all right to compensation (6). Choice of the areas to be insured is only allowed in special cases (7). If the declaration is not made within the prescribed time, once the period of grace (June 15th.) is passed, the rights of the insured are generally subjected to very considerable restrictions, (8), without their being liberated from their engagements in

(1) *Old.* §§ 5 and 6 distinguishes between insurance (a) on marsh land and (b) on hills; maximum of insurance; for (a), as a general rule, 500 M. per ha.; for winter colza, rape, seed beet, tobacco, hops, up to 600 M. per ha., for (b) up to 400 M. per ha., eventually 500 M. per ha.; *W. N. D.* § 28; *D. H.* § 14 (500 M. per ha., in the case of beet for cattle food or for sugarpotatoes, *kappus* and garden plants, 800 M. per ha.); *Hees.* § 2 (320 M. per ha. for wheat, oleaginous grains, peas, beans, barley, oats, mixed crops; 200 M. for summer barley, skwheat and lupines); *S. L.* § 1. (500-600 M. per ha. for winter and summer wheat and rye, rye; other crops between 300 and 500 M. per ha.); *S. M.* § 2 (600 M. for winter and summer wheat, winter rye, barley; 500 M. per ha. for oats, mixed crops, peas and flax; 400 M. for summer rye and vetch); *W. K.* § 1 (wheat, winter rye, oleaginous grains, peas, barley, oats, 600 M. per ha.; summer rye, buckwheat, mixed grains, lupines, 200 M. per ha.).

(2) *Sch. H. L.* § 17; *Elbm.* § 29.

(3) § 17 (average prices, Hamburg, Kiel, Lübeck and Rosstock); *Südh.* § 12 (Hamburg); *T. § 9* (Leipzig); *Nu.* § 18 (Lübeck); *Angl.* § 17 (Average Prices at Schleswig, Kiel, Flensburg, Beckenförde, and Kappeln); *Prob.* § 18 (Kiel); *Nordh.* § 11 (Market price in the district the Association); *C.* § 21. (Emden).

(4) *Sch. H. L.* § 4; *Ratz.* § 10; *Neuh.* § 15; *S. M.* § 3; *M. Sch.* § 2.

(5) *Sch. H. L.* § 6; *Südh.* § 4; *Gre.* § 4; *Angl.* § 2; *D. H.* § 12.

(6) *Gre.* § 2; *Gr. T.* § 4; *Dith.* § 7; *Old.* § 19; *Nordh.* § 3 (persons insured in other organizations are not admitted); *C.* § 7; *Neuh.* § 15; *Elbm.* § 23.

(7) *Old.* § 11. *Hees.* § 4; *W. K.* § 3.

(8) *Sch. H. L.* § 7 (He has only right to 75 %, on the basis of the declaration of the preceding year); *Old.* § 4 (Forfeiture of right to compensation); similarly *Südh.* § 6; (no grace; the insured person must pay without benefiting); *Ratz.* § 9, extreme limit June 20th. (from the 1st. reduction of compensation by 20 %, then forfeiture of all right to compensation); *Gre.* §§ 6 and 7 (A distinction is made between old and new contracts; in new contracts the insured person forfeits his right to compensation after June 1st. In the case of old contracts the risk is covered after June 15th. by the contract, but the insured party must pay very high premiums and a fine); *Nu.* § 12 (June 15th. obligation to compensate remains); *Dith.* § 7 (May

regard to the premiums they have to pay. In the case of insurance already in course, declarations of an inferior sum are generally (1) only admitted within certain limits.

On the other hand, in certain cases the right to contest declarations of excessive amount is reserved (2). If the farmer has to plough a second time, he must inform the insurer (3). Crops damaged by hail previously to the declaration are valued at the charge of the owner and insurance (4) is only arranged for the amount of the rest; sometimes these crops are entirely excluded from the insurance contract. (5).

### C. Insurance Premiums.

There are two classes of premiums, ordinary and supplementary. The method of collecting the ordinary premiums is far from being the same every where.

#### I. Calculation of Premiums in accordance with the area of the crops insured.

Preliminary and limited supplementary premiums with eventual reduction of compensation (6) taking into account the greater or less damage such or such a crop may suffer from hail.

15th., double premium); *Old.* § 23 (June 1st., otherwise compensation in accordance with the declaration of the previous year); *Angl.* § 12. (June 15th., forfeiture of right to compensation); *Prob.* § 8 (end of May, otherwise valuation by experts); *W. N. D.* § 39 (from June 1st. forfeiture of claim to compensation); similarly *C.* § 13; *Neuh.* § 24. compensation only after reception of application; *Elbm.* § 27 (June 15th., forfeiture of right to compensation); *W. K.* § 3 (June 1st., forfeiture of right to compensation); *M. Sch.* § 10 (June 15th., the member is considered a retiring from the association).

(1) *Ratz.* § 9 (25 %); *Gre.* § 6 (20 %); *Elbm.* § 25 (Declarations of too small amount may be contested by the Board of Management.).

(2) *C.* § 8 (The district delegate has the right to ascertain, by means of two impartial experts, the real value of the crops to be insured); *Elbm.* § 25 (The board of management may contest exaggerated declarations).

(3) *Nordk.* § 9 (In this case he is not debited with the premium. If he does not declare, he exposes himself to lose 25 % of the amount of compensation); *Elbm.* § 26 (up to June 15th. Declarations after that date are not taken into consideration); *M. Sch.* § 10, the person insured, in this case, pays a supplementary contribution, corresponding to the losses he has suffered on his first declaration, but he thus secures himself a new insurance.

(4) *Ratz.* § 8; *C.* § 9. (The consent of the association is required for the validity of the declaration).

(5) *Gre.* § 1. (Only in exceptional cases, as sub. 3, preceding page) *Nw.* § 7; *Dith.* § 2; *S. L.* § 1.; *S. M.* § 3; *W. K.* § 1.

(6) (a) *Gr. T.* § 5, for rye, barley, oats, mixed grains, peas,  $\frac{1}{2}$  pf. per Q. R. (1.50 M. pf. acre) wheat, flax,  $\frac{3}{4}$  pf. per Q. R. (2 M. per acre).

Supplementary premiums up to three times the yearly premium.

(b) *D. H.* § 12-17.

Class I (Ordinary rate 500 M. per ha.) x M.

Class II (Ordinary rate 800 M. per ha.) x 1.60 M.

Supplementary premium up to 4 M., 6.40 M. respectively.

## II. Calculation of Premiums in accordance with the amount assured.

### (a) Preliminary and supplementary premiums.

(1) Obligation of unlimited supplementary premiums, full compensation (account is taken of the various crops according as they are more or less liable to be damaged by hail, fixed rate of preliminary premiums) (1).

(2) obligation of limited supplementary premiums; compensation eventually limited.

(aa) fixed rate of preliminary premium. Damage by hail has the effect of increasing the amount of the supplementary premium (2).

(bb) Fixed rate of preliminary premiums, uniform supplementary premiums (3)

(b) Calculation of Premiums on the assessment system:

(1) Unlimited assessment; compensation for the whole amount of the loss:

(aa) In proportion to the amount of loss through hail:

I. on the basis of a minimum rate (4)

(1) (a) *Od. Art.* 27 (§ 9).

Preliminary premium on tobacco per M. . . . . 2 ½ pf.

" " on other crops . . . . . 7/10 pf.

(b) *W. N. D.* § 30

Preliminary premium on cereals and pulse . . . . . ½ %

" " " oleaginous grains . . . . . 1 %

" " " colza, without cereals . . . . . 2 %

(2) *S. L.* § 6.

Preliminary premium, minimum .50 per 100 M. assured

Supplementary " " .25 " " " "

" " maximum 1.00 " " " "

Members whose fields have been damaged by hail in the previous year pay from year to year 10 pf. more per 100 M. assured. Besides this, reductions up to 10 % of compensation in case of repeated damage by hail in successive years and reductions in case the crops are especially liable to suffer by hail.

(3) (a) *Hess.* § 25.

Preliminary Premium at a minimum of 50 M. per 100 M. assured (payable on August 1st.), supplementary premium at a maximum of 2 M. per 100 M. (payable December 1st.).

(b) *W. K.* § 16, as above.

(4) (a) *Rat.* § 25.

Premium 20 pf. per 100 M. assured. For oleaginous grains twice the premium for cereals.

(b) *Seh. H. L.* §§ 19-20.

6 classes of risks (the lowest not compensated); premium 6/10ths. the amount assured; the highest (more than 1,000 M. compensation for 100 M. premium; premium 16/10ths.). If in 5 consecutive years no claims have to be paid, the crop is placed in the immediately superior class; if in ten consecutive years no claims are paid, into the first class.

If a member who has suffered losses through hail withdraws from the association, 10 % is stopped from the compensation due to him. Umbelliferous, leguminous, tuberous plants and plants with edible roots, calculated simply on the amount assured. Oleaginous grains, rye, wheat, sarasin, cummin, seed beetroot, 1 ½ the amounts assured.

Minimum premium 0.5 per 100 M. assured until the reserve fund amounts to 2 % of total amount assured.

- II. without a minimum rate (1)
- (bb) assessment pure and simple
  - I on the basis of a minimum rate (2)
  - II without a minimum rate (3).
- (2) Limited assessment, compensation eventually limited;
  - (aa) In proportion to the amount of loss through hail;
    - I. on the basis of a minimum rate (4);
    - II. without a minimum rate (5)
  - (bb) Pure and simple assessment
    - I. on the basis of a minimum rate (6)
    - II. without a minimum rate (7)

(1) *Grov.* § 39.

Taking as a basis the losses in 25 years. Minimum compensation calculated at gross percentage 0.00; 0.20; 0.30 % of the amount assured. Maximum premiums calculated as percentage of the total amount of loss 4.00; 1.50 % of the total amount assured.

Each disaster raises the amount to be assured:

7 % if the loss is under 10 % and thus up to 20 % if the loss amounts to 80-100 %.

On the other hand, every year in which there is no loss through hail, the premium is lowered. Inspection every five years.

(2) *Nordh.* § 11.

Minimum assessment 20 pf. per 100 M. assured.

(3) *Angl.* § 17; *M. Sch.* § 9.(4) (a) *Nw* § 20:

Minimum premium 40 pf. per 100 M. assured.

(§ 21) For lots assured on which in the course of ten years more compensation is paid than premiums received, the general meeting may raise the premiums up to 3 M. per 100 M. assured. The ordinary premium must not exceed 3 M. per 100 M. assured.

(b) *Südth.* § 13-14, minimum rate 0.10 per 100 M. assured, maximum rate 4 % per colza and rape, if other crops are not also insured for an amount equivalent to 8 %.

(5) *S. M.* § 7.

Maximum assessment 3.50 M. per 100 M. assured. Only at the moment of declaration the insured person must pay as an advance 50 pf. per 100 M. assured; this is, as it were a payment on account toward current expenses.

Members who, in a series of years (3-6), have had no losses to suffer through hail, benefit by a rebate of 10-25 %. In order to decrease the risks, the deductions from the compensations are made in the following order (§ 8);

Deductions on	peas, beans, mixed grain	10 %.
do	" radishes, flax, buckwheat.	15 %.
	when damaged by hail twice in 2-3 years	10 %
"	" " " three times 3-5 "	15 %
"	" " " four " 4-6 "	20 %
"	" " " five " 5-7 "	25 %
"	" " " six " 6-10 "	30 %

Then the original rate is reverted to.

(6) (a) *Dith.* § 4. Minimum .50 per M. assured; maximum 3 M.

(b) *Elbm.* § 30. Minimum .10 per M. assured; maximum 4 M.

(7) (a) *Old.* § 34.

(b) *C.* § 25. Minimum 3 % of amount assured.

(c) *Newh.* § 7. Maximum 2 % of amount assured.

(3) Limited assessment, unlimited compensation by means of a loan included for payment of the balance (1).

In this classification no account has been taken of what is deducted for various forms from the reserve fund.

If we make a distinction between the associations granting compensation to the full amount assured and those not granting it, we find that 13 associations in certain cases reduce the compensation. This is naturally then an essential means of defence against the risks they run through the excessively limited sphere of their action. Only ten associations strictly adhere to the system of full compensation. That 12 associations demand a minimum premium seems to call for special remark. The territorial mutual societies do not demand this reduction. They can appreciably lower their preliminary premiums relatively to the ordinary rate. In any case it is to these reductions of the premiums to a minimum that we must attribute the fact that the funds of almost all the local organizations are comparatively unimportant.

With regard to the supplementary payments, we must note that they are divided as follows :

(2) Entrance fees (1) (not returned on withdrawal from the association).

(3) Registration charges (2).

(4) Policy dues (3).

(5) Fees for collection (4).

(6) Stamp duty (5).

(7) Postage (6).

(8) Agents' fees (7).

(1) *Prob.* § 16.

(2) *Südh.* § 13 (1 M. per 1,000 M. assured); *Gr. T.* § 5 (2 M. per acre); *Nu.* § 8 (1 M. per 1,000 M. assured); *Dth.* § 4 (1 pf. per 100 M. assured); *Nordh.* § 12 (20 pf. per 100 M. assured); *W. N. D.* § 25 (3 M.); *D. H.* § 15 (2 % of amount assured); *C.* § 25 (10 pf. per 100 M. assured); *Neuh.* § 22 (10 pf. per 100 M. assured); *Elbm.* § 28 (1 M. per 1,000 M. assured, if the reserve fund is less than 10,000 M. minimum rate 2 M.; if it exceeds that amount 3 M.); *M. Sch.* § 7 (below 5 ha. 20 pf., on each additional 5 ha. 10 pf.).

(3) *Sch. H. L.* § 18 (3 M., 1 M. resp.); *Angl.* § 2 (20 pf. for farms of less than 5 ha.; increase of 10 pf. for each additional 5 ha.); *Prob.* § 34 (90 pf. in case of change of ownership 30 pf.); *Nordh.* § 37 (3 M., 1 M. resp.).

(4) *Südh.* § 15 (20 pf.); *Ratz.* § 12. (15 pf. per 1,000 M. assured); *Grav.* § 2 (50 pf. per copy of declaration); *Nu.* § 12 (30 pf. fee for despatch of declaration in duplicate); *Elbm.* § 6 (30 pf.); *Prob.* § 20 (30 pf. for declaration not in order); *Hees* § 26 (50 pf. on assured amounts of less than 500 M.; 1 M. on assured amounts up to 1,500 M.; 1.50 M. on amounts in excess of this); *C.* § 25 (1 M.); *S. L.* § 3 (50 pf.); *Elbm.* § 25 (50 pf., in case of 1 M.); *M. Sch.* § 7 (20 pf.).

(5) *Südh.* § 4 (30 pf.); *Prob.* § 8. (60 pf.); *M. Sch.* § 7 (10 pf.).

(6) *Ratz.* § 12; *Old.* § 22; *W. N. D.* § 21; *Neuh.* § 22.

(7) *Dth.* § 6; *Old.* § 22; *W. N. D.* § 31. *S. L.* § 3; *S. M.* § 5 (60 pf.).

(8) *S. L.* § 3 (1.50 M. to the representative); *S. M.* § 5 (1/10th. of amount assured per age).



- (8) Contributions to the reserve fund (1).
- (9) Contributions to the general expenses (2).
- (10) Various fines (3).
- (11) Fees for removal of names from the books (Löschgebühren) (4).

As we see, the premiums, relatively low in certain cases, are to a certain degree increased by supplementary payments. In the associations employing the system of preliminary and supplementary premiums the preliminary premium is generally paid at the moment of the declaration; in the associations which have adopted the assessment system, the premium is paid in the last quarter of the year, sometimes on the first of January in the following year.

#### D. Compensation for Losses.

The provisions with regard to the limits of the compensation vary considerably in the different associations. The compensation varies between 3 and 10 % (5). Some organizations fix a maximum limit for Compensation (6).

The provisions with regard to the term within which the declaration of the disaster must be made are not uniform either. In certain associations this declaration must be made with the least delay, in others five days

(1) *Sch. H. L.* § 19 (for premiums of less than 100 pf. 10 %); *Greif.* § 31 (according to the decision of the Council of Supervision, plus 5 % of the compensation); *Old.* (10 pf. per 100 M. assured within the limits of Oldenburg, 15 pf. per 100 M. assured, outside of Oldenburg); *S. L.* § 3 (3 % to be calculated on the maximum premium); *S. M.* § 7. (10 % of the compensation).

(2) *S. L.* § 3 (7 % of the maximum premium and 4 % of the compensation).

(3) *Sch. H. L.* § 20 (5 % in case of premium not being paid in due time); *Süd.* § 14 (50 pf. in case of premium not being paid in due time, for members living outside the district, 2 M. per 1,000). *Greif.* § 15 (1 M. fine); *Däh.* § 7 (The unpunctual pay a higher premium); *W. N. D.* § 25 (fine 3 M.).

(4) *Sch. H. L.* § 19. (If the member withdraws after suffering loss through hail, reduction of 10 %); *Greif.* § 8 (3 M.); *Nordh.* § 7 (3 M.).

(5) (4) It is fixed in proportion to the amount of loss.  
1/30th. *Angl.* § 14; *Nordh.* § 10; 1/20th. *Old.* § 29; *Prob.* § 16; 1/18th. *Nu.* § 17; 1/16th. *Süd.* § 5; *Mr. Sch.* § 13; 1/15th. *Sch. H. L.* § 2; *W. N. D.* § 43; 1/12th. *Greif.* § 12, *Hm.* § 1; *D. H.* § 28.

(6) as percentage of the value:

3 %, *Däh.* § 8; 5 %, *Gr. T.* § 3; *Elbm.* § 35; 6 %, *Ratz.* § 12; *S. M.* § 6; 8 %, *Od.* § 35; 10 %, *C.* § 20, *Neuh.* § 16; *S. L.* § 7; *W. K.* § 1.

(6) *Prob.* § 16 (up to 7/5ths of the amount of the loss suffered after valuation is made good, which is evidently an excellent compensation for the disadvantage suffered through the limitation of the field of action).

grace is allowed; but in most cases if the delay is not to be imputed to the party insured or is due to special reasons, a fortnight's grace is conceded (1).

If disasters occur at the beginning of the season, it is sometimes ordered, (2) sometimes left to the judgment of the board of management (3) or the appraiser (4), to make a preliminary valuation before proceeding to the final estimate of the damage. If the disaster at the beginning of the season has caused a total loss, generally a second ploughing is allowed; certain organizations even insist on a change of crops (5). It often happens that in such case a valuation of the new harvest is made (6).

Some associations in case of a second ploughing make deductions, either fixed (7) or established by mutual arrangement (8); often in the case of the new crop the usual valuation is accepted (9); in special cases new ploughing is required without extra premium.

The assured person must exert no influence on the valuation by his personal intervention; very often he must be represented by proxy for the dedication of the fields, etc. (10).

The valuation is made as follows: the district manager or the board management, on receipt of advice invites either immediately (11) or within period fixed in advance (12) or according to their judgment (13) two or three experts of the districts in which the party insured lives (14) or of the adjacent

(1) Immediate declaration: *Prob.* § 10; 24 hours; *Südh.* § 7, *Angl.* § 13 (at latest days); *M. Sch.* § 12 (at latest 3 days); 48 hours: *Dith.* § 8; 3 days: *Od.* § 13 (otherwise 15 M. fine up to 14 days); *Gr. T.* § 1; *S. M.* § 6; 4 days: *Sch. H. L.* § 9; *Rats.* § 13 days; grace at the most with deduction of 20 % from the compensation; *Grev.* § 8 (10 days' grace at most, deduction of 5 %); *Nu.* § 13; *Old.* § 25 (8 days' grace), *C.* § 14; *Neuh.* § 14; *L.* § 4; *Elbm.* § 33; 5 days; *W. N. D.* § 42 (at most 10 days; fine 15 M. per day), *Hess.* § 6 (General meeting may decide); *W. K.* § 5.

(2) *Sch. H. L.* § 11 (If the hailstorm takes place before the declaration of insurance, before or during the flowering, or at any date, in the case of tuberous plants or edible roots); before or during the flowering; *Rats.* § 17; *Gr. T.* § 2; *Nu.* § 13; *Angl.* § 13; *Prob.* § 11; *Nordh.* § 10; *I. Sch.* § 12.

(3) *Dith.* § 8; *S. M.* § 4.

(4) *Grev.* § 10; *Neuh.* § 14; *Elbm.* § 38.

(5) *Dith.* § 8; *Nordh.* § 10; in case of this not being done, the verification of the damage is to appraisers.

(6) *Sch. H. L.* § 16. (Without other deduction, but the new crop is reckoned as half of old). *S. L.* § 4.

(7) 33 ⅓ %; *Od.* § 18 (but no new premium for a new sowing); *Rats.* § 16; 25 %; *W. N. D.* § 50 %; *Grev.* § 13 (half the amount assured for the part that may be disposed of), *Gr. T.*

(8) *Nu.* § 18; *Old.* § 26; *Angl.* § 16; *S. M.* § 7; *M. Sch.* § 15.

(9) *Südh.* § 9; *Prob.* § 14; *C.* § 17.

(10) *Elbm.* § 39.

(11) *Od.* § 31.

(12) *Angl.* § 13 (as far as possible the same day).

(13) In the course of two days; for example, *Südh.* § 7; *Elbm.* § 33; 5 days *W. N. D.* § 42; the course of a fortnight; *D. H.* § 24.

(14) For example *Gr. T.* § 2.

districts (1) to proceed to a first examination (2). Each of the expert takes separate notes and if they do not agree they generally take an average of their estimates (3). If the insured party is not satisfied with the estimate, there is always right of appeal (4). When the appeal is admitted, the second valuation is made by men competent in the matter, chosen partly by the person insured and partly by the board of management of the loss organization (5), or else the board of management at its discretion choose impartial experts who with (6) or without (7) the assistance of the expert give their judgment (8).

The procedure followed by one of these organizations is worthy of note according to it the board of management has to appoint for the second valuation 5 impartial experts who elect a president from among their own number: after this it is settled by lot which two of the four remaining experts shall represent the insured person and which two the association (9). The period within which they are assembled varies much, but generally the valuation is made very soon. (10). As a last resort certain associations allow the choice of a chief expert (Obmannsverfahren) (11), who is impartial and is elected by the experts of the second instance, and whose decision is final.

It is also worth while mentioning certain provisions of a special character. Thus, for example, in the case of total loss of the crop, when the plants insured are oleaginous grains and from the compensation to be paid deduction is made of the costs of harvesting (12), provision is made that, three weeks after the beginning of his harvest, the farmer must thresh and continue threshing without interruption (13); one of the associations reserves to itself the right to make a trial threshing (14), in several associations the members of the board of management and council of supervision may

(1) For example, *Südh.* § 7. If the disaster occurs in the Geest, at least 1 expert of the Geest must intervene, if in the March, one of the experts must be of the March.

(2) For example, *Dith.* § 8 (other districts).

(3) *Gre.* § 13; *Prob.* § 10; C. § 15.

(4) *Prob.* § 10; *D. H.* § 24; C. § 15 (immediately, one expert for the association and one for the party damaged).

(5) *Südh.* § 10; *Ratz.* § 17 (the third is elected); *Gr. T.* § 8; *Dith.* § 8 (a president is elected); *Old.* § 26; *W. N. D.* § 48; *Hess.* § 11; *Elbm.* §§ 36-37; *S. M.* § 7; *W. K.* § 9.

(6) *Sch. H. L.* § 15; *Gre.* § 13.

(7) *Od.* § 41; *Nw.* § 16; *Angl.* § 13; *Norddh.* § 20; *Neuh.* § 14; *M. Sch.* § 12.

(8) Also the average result, for example, *Ratz.* § 17.

(9) *S. L.* § 4.

(10) 12 hours, *Angl.* § 13; *M. Sch.* § 12; *Sch. H. L.* § 15 (24 hours); *Südh.* § 7 (8 days); *Ratz.* § 17 (3 days), *Gre.* § 13 (4 days); *Dith.* § 8 (24 hours); *Old.* § 26 (3 days), similarly *Norddh.* § 10; *Hess.* § 11 (4 days); *S. L.* § 4 (3 days); *Elbm.* § 36 (24 hours); *W. K.* § 9 (4 days).

(11) *Hess.* § 11; *S. M.* § 7.

(12) *Norddh.* § 10.

(13) *Sch. H. L.* § 3; *Gre.* § 1; *Gr. T.*, § 6; *Nw.* § 2; *Old.* § 33; *Elbm.* § 24.

(14) *Nw.* § 15.

make further examination (1). None of the associations allow mutual valuation, valuations by the farmer himself or with the intervention of members who are related to him. Farmers not belonging to the association can only in exceptional cases be appointed appraisers (2); the district manager guilty of negligence forfeits all remuneration (3) etc. The amount known for the yield is sometimes reduced in accordance with the appraiser's estimate (4) in case of errors exceeding a certain percentage (5). A group of associations only grants compensation for grains (6).

Often, if the grain is sufficiently mature for grinding, the party insured must give samples (7). The costs of valuation, as a general rule, are borne by the association; only in case of damage giving no claim to compensation, or of unjustified recourse to appeal, all or half of the cost of the valuation is charged against the party insured. (8)

Compensation is generally paid at the end of the year, seldom sooner (9) or later (10).

(1) *Greuv.* § 13; *Dith.* § 8; *W. N. D.* § 46.

(2) *Od.* § 22.

(3) *Od.* § 45.

(4) *Old.* § 26; *Prob.* § 11; *Nordh.* § 10; *M. Sch.* § 14.

(5) Beyond 33  $\frac{1}{4}$  %; *Sch. H. L.* § 12; *Angl.* § 15.

(6) *Sch. H. L.* § 3, *Greuv.* § 1; *Gr. T.*, § 6; *Nu.* § 2; *Old.* § 33; *Elbm.* § 24.

(7) For example, *Ratz.* § 15.

(8) *Greuv.* in proportion to the amount assured, § 13; *Ratz.* fixes a minimum rate (20 M.) § 20.

(9) *C.* § 30 (in the course of two months after the verification of the damage), *D. H.* § 31 (first fortnight of November).

(10) Extreme limit of time, March 15th.; *Nu.* § 25.

*Statement of Accounts of the German Local Hail Insurance Associations for 1912.*

The figures in parentheses refer to 1911; they are given here in default of those for 1912.

Title of the Association	Date of Constitution	Number of Members	Amount Assured Mks.	Total Amount of Premiums Mks.	Amount of Compensation Owed, including Cost of Valuation Mks.	Working Expenses Mks.	Reserve Fund Mks.
Schlewig-Holstein-Lauenburg Hail Insurance Association . . . . .	1811	—	26,390,811	215,456	238,299	12,701	186,000
Hail Insurance Society of the Valley of the Oder . . . . .	1844	1,433	5,872,157	47,197	18,525	2,914	478,816
South West Holstein Hail Insurance Association . . . . .	1845	—	1,321,970	3,966	3,664	162	10,000
Mutual Hail Insurance Society for the Principality of Ratzeburg . . . . .	1847	—	(2,570,760)	—	—	—	(75,632)
Grevesmühlen Hail Insurance Association . . . . .	1854	—	83,431,100	891,927	939,747	79,400	786,799
"Grüne Tanne" Hail Insurance Society . . . . .	1856	450	—	8,980	8,945	665	63,966
Nuss Hail Insurance Society, Ltd. . . . .	1857	—	3,187,033	12,836	6,291	2,065	61,975
Probstedt Hail Insurance Association . . . . .	1859	168	1,815,244	1,813	1,485	75	—
Dothmar Hail Insurance Association . . . . .	1860	1,600	7,433,380	14,845	4,231	1,704	93,061

	1877	745	6,787,835	37,074	26,916	4,335	106,703
Vistula-Nogat Delta Hail Insurance Society . . . . .							
Limited Liability Hail Insurance Association for the Rural and Urban District of Dortmund and the District of Hörde . . . . .	1881	—	—	—	—	—	(211,536)
Heesling Mutual Aid Hail Insurance Society, Ltd. . . . .	1881	2,400	2,902,710	14,514	4,565	2,485	30,451
"Constantia" Hail Insurance Society . . . . .	1884	(1,448)	(5,710,400)	—	—	—	(39,647)
"Nienharingersiel" Hail Insurance Society . . . . .	1886	1,409	4,353,110	6,530	(*) 4,680	—	18,037
Rural Saxon Hail Insurance Society, at Radeberg . . . . .	1887	2,490	4,154,006	41,542	35,096	7,796	49,276
Hail Insurance Society for the Holstein Course of the Elbe . . . . .	1891	580	3,153,364	3,136	232	477	8,813
Saxon Military Hail Insurance Association . . . . .	1894	434	760,115	7,601	1,897	2,372	17,489
Private Mutual Aid Hail Insurance Society for the District of Enger . . . . .	1899	99	—	1,706	380	—	28,364
Hail Insurance Association for the Schleswig "Mittellrücken" . . . . .	1908	1,320	2,924,501	1,922	637	977	929
Wilhelms Kirchhime Mutual Aid Hail Insurance Association . . . . .	1908	290	300,000	1,500	—	113	6,150

(1) Including Costs of Valuation. — (2) *Zinslos* assured. — (3) Including Working Expenses.

## BELGIUM.

### THE NEW BILL ON SOCIAL INSURANCE.

The Belgian mutual movement, is not content simply to multiply its local units and draw into its ranks an ever increasing number of adherents. By organising local societies into district federations and national groups it has created a well-defined system to which government has given effective support, and which is now associated with the government in its administrative work. As a result of such support the organisation is now in a position to effect complete social insurance for its members against sickness, premature disablement, and old age.

In the continued endeavour to make its work complete, the movement has directed its energies to securing, on the one hand, by means of a general law, the recognition of its autonomous units as the ordinary and principal insurance institutions; and on the other hand, an extension of their action through the principle of compulsion in such a manner as to direct towards its own institutions the greater part of the interests concerned.

Evolution towards compulsion in this form on the part of associations which have benefited under the subsidised voluntary system and been its representatives, does not imply the abandonment of those forms of organisation which have so far served them. It is not proposed to abrogate existing institutions or to substitute one system for another. On the contrary, the intention is to retain all that exists intact, while giving legal security to the mutual organization, providing guarantees for the fulfilment of its promises, and assuring to it the regularity of the payments due from its members. Towards the members of mutual associations, compulsion must remain in a subsidiary and auxiliary relation only. Towards the improvident, and non-mutualists in general, official intervention, becoming the principal means, must still be exercised with the concurrence of the representatives of the mutual movement — they themselves forming a majority in the administration of the compulsory organisation — and this expressly to avoid creating an instrument which, would compete with spontaneous efforts and to make use of compulsion to gather into the mutual movement all the elements capable of admission.

In close communication at all times with the different mutual associations, the Government had watched the gradual evolution of this fundamental idea; and seen the formation of an organisation which, in its broad

lines, embodies it. This joint achievement, which is the natural outcome of the collaboration of the past few years between the administration and the various mutualist groups, is at once the formal realisation of the wishes of these groups and the result of the guidance and support which has been proffered them, and which they have accepted wholeheartedly and used intelligently.

The government, therefore, has studied the scheme presented to the Chamber by M. de Ghellinck on April 24th., 1912, with which we have already dealt here (1). He has again taken up the question, stating more clearly its principles and outlining their application in a scheme which, as far as regards the temporary measures relating to old age pensions, has borrowed from M. Moyersoen's abandoned bill of December, 1911. His proposals represent a working compromise between different tendencies, each of which is fairly represented.

The independence, dignity and responsibility of the worker and of his associations are respected. The thrifty workman is not placed under the protection either of government or of the employer of labour, and the latter is called upon only to the extent of a very small contribution of 6 francs yearly for each worker insured. He is forbidden to deduct from wages the compulsory payments of mutualists, or to exercise any kind of pressure whatsoever upon them as to their choice of an association; he is not charged with the keeping of any accounts on their behalf; every source of conflict between him and them is eliminated.

On the other hand, the contributions of mutualists, as far as they regard insurance against sickness and premature disablement, are not even determined by the law; they are left to the discretion of the associations which, with respect to these branches of insurance, are self-administering; are responsible for results; and settle all disputes as freely as they have hitherto done. Finally, freedom of opinion towards the whole mutualist movement is ensured to every worker by express guarantees. This combination of independence and responsibility of persons insured should prevent the conspicuous abuses of bureaucratic systems—political or economic pressure, and malingering. The requirements of the English acts of 1902 and 1911 are framed with the same object in view, that mutual associations shall be self-controlling and administered, as a general rule, exclusively by elected representatives of the insured members.

The Belgian mutual organisation desires keenly to see its proposed mission extended so as to include insurance against sickness and disablement, as well as old age. Congresses and propagandist journals are unanimous on this point, and a large section of the daily press has devoted itself to interpreting their views.

A year and a half ago, before these views had gained precision, a referendum resulted in 1,291 societies declaring their adhesion to the proposals of the present bill.

(1) See *Bulletin of Economic and Social Intelligence*, January 1913, pages 51 et seqq.



This system is approved by numerous scientific authorities, supported by the experience of other countries, and endorsed by certain decisive considerations. It seems at the present day incontestable that the basis of social insurance should be the local unit and local control, and that the mutual organisation, the sick benefit society, should form the foundation of the whole system. Permanent disablement must be considered as only a continuation of illness, more particularly since industrial accidents are placed under special legislation.

As invalidity risks are too irregular to be covered by single societies, and too considerable to be placed under the comparatively independent control of local groups, it is evident that they must be met by federal organs which have the power of distributing assessment over a very large area.

These are the two chief risks. They threaten the whole population, and precisely during those years when the labourer, having a family dependent upon him, has most need of assistance. Old age, on the other hand, is only a special case of disablement; 6 per cent at most of the population are over sixty-five, and these old workmen have neither the same needs nor the same calls upon them as those in full vigour.

It is this consideration which has led to the statement that the real interpretation of popular opinion with regard to workmen's pensions is that they should be granted, not at an advanced age fixed beforehand, but at such times as the labourer is deprived, by sickness or disablement, of the means of providing for himself and his family. Chance alone in these risks determining the age at which such periods occur, we are compelled, one may say, to individualise pensions, that is, to organise insurance with reference to sickness and premature invalidity.

Legal intervention and compulsion are on the other hand more necessary in these forms of insurance than in the case of pensions; in fact, while the voluntary subsidised system had already resulted in 1,200,000 members being enrolled in the Pension Bank, of whom 700,000 paid regular premiums, sick insurance had attracted only 500,000 mutualists, out of whom only 250,000 were insured against permanent disablement.

This compulsion and the legal securities which accompany it will in no way lessen any liberty of action already possessed by mutual associations. They are not obliged to receive uncongenial elements: they are submitted to no new control. The ultimate intervention of the regional councils, in certain cases, is indeed optional and their action, in the event of complaint on the part of a member, is analogous merely to that of the Department of State in relation to the court of law, which is here represented by the Council of Arbitration, freely elected by the mutual organization itself in accordance with its rules. Medical attendance is organised at the will of the associations, as is fitting under the circumstances, more particularly in order to ensure, as is elsewhere the general practice at the present day, that indemnities shall be granted only in duly attested cases of sickness or invalidity, and not in the case of a shortage of work, or for other causes not contemplated in the insurance.

On the other hand, the contributions of the employers and of the State in future assured to the mutual societies; their liberty is extended in respect to the investments they may make; their members are favoured against the affiliated members of subsidiary official institutions.

On the other hand, it is not illogical to propose compulsory payments, at the same time provide for reduction or remission of the premiums certain classes of persons. Such exemptions will not deprive these classes of the advantages of the law, because they will only be granted to the application of the persons interested, and in making the reductions, the position of the applicants and of their families will be taken into account.

The bill seems a very short one by comparison with the laws of other countries which have been framed with the same objects in view. It contains only 34 articles, while the German Insurance Code, excluding the regulations relating to accident insurance, contains 1,127; but this is because the principles in the two cases are profoundly different.

The present bill is in the nature of a legal framework which leaves at freedom of initiative to the associations; it is intended that it shall be completed by a series of administrative orders.

In accordance with the experimental method of legislation already tried with success in similar cases, certain essential clauses of these orders, after having borne the test of practice, may later be incorporated in the law, should the need be felt. This method renders it unnecessary in the bill to propose the repeal of any one article in previous laws; action is confined to improving and completing the existing system. The various provisions are grouped under five heads: the first outlines the principles on which the system is based, and contains the regulations common to both forms of insurance; the second deals with insurance against sickness and premature disablement; the third with old age pensions; the fourth contains the temporary provisions; and the last groups together certain supplementary regulations, and the penal clauses.

The general effect of the bill in what concerns sickness and disablement insurance is as follows: the premium, in the case of mutualists, is determined by the rules of their respective associations; in the case of other persons insured, the premium is fixed at 18 francs a year of which 12 francs are for sick benefit and 6 francs for insurance against premature disablement. The payment of the premium must, except where the provisions of art. 12, when they become applicable, entitle the person insured to medical attendance and medicine, and an indemnity of 1 franc a day during incapacity, paid whether till recovery or till the age of sixty-five. A benefit of 30 francs must, in addition, be paid to women during confinement. An initial grant of 5 million francs, and annual subsidies, will establish a service of sanatoriums. Persons insured who are earning less than 15 francs a week may obtain a reduction of the premium to 12 francs, but the daily benefit granted will in such case be reduced by half for the first three months of illness.

Employers pay, for sick benefit, 2 francs a year for each insured worker: the state contributes 25 centimes a year for each franc, and 60

per cent of the invalidity insurance premiums, that is to say, 3 fr. 60 out of the premium of 6 francs a year as provided for non-mutualists.

The payments for such benefit, therefore, amount in ordinary cases to 17 francs a year per head, or to 9 fr. 50 for such persons as are entitled to reduce their premiums.

The payments available for invalidity insurance amount usually to 9 fr. 60. This amount will be increased under the final scheme by the transfer to this service of the whole, or some part, of the premium of 4 francs levied upon employers in aid of special endowment funds for old age pensions.

As regards pensions, the compulsory payment is 5 francs a year for each person insured, or 3 francs in the special cases already mentioned.

This payment, together with the government subsidies and the existing contributions from the greater number of the provinces, ensures under the final scheme, an income of about 365 francs at the age of sixty-five.

The annual allowance of 65 francs is raised to 120 francs. Insured persons at present over the age of forty, will, on reaching sixty-five, receive a like increase which will be reduced progressively for persons born between 1873 and 1893. Finally, the temporary indemnity banks organised by federations of mutual societies for their old members will be subsidised by the State.

The declarations of the Ministry on the first reading of the bill, and its warm reception by the Chamber, are the guarantee for its prompt consideration and its rapid adoption.

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## DENMARK.

### MISCELLANEOUS INFORMATION.

— BILL, OF OCTOBER 9TH., 1912 ON RECOGNISED SICKNESS INSURANCE SOCIETIES.— This bill, slightly amending the existing law of April 12th., 1912, contains the following provisions :

Any sickness insurance society (any association composed of persons who pay a fixed premium, assuring assistance to its members in case of illness), if it fulfils certain conditions, has a right to claim recognition from the public authorities and to benefit by the subvention granted in consideration of such recognition.

The society in the first place must have a certain number of members (usually at least 50).

It must be limited to a definite locality (the members belonging to one commune) or a definite profession.

Only persons of small means (labourers, small farmers, artisans, shopkeepers, clerks, etc.) can be admitted as members. The bill fixes the maximum capital or revenue for admission.

By a person of "small means" shall be understood any married person whose estate does not exceed 10,000 crowns and any unmarried person whose estate does not exceed 5,000 crowns.

The limits for incomes have been fixed as follows :

	Married Persons	Unmarried Persons
(a) Copenhagen and Neighbouring Communes . . . . .	1,500	1,800
(b) Towns of more than 20,000 Inhabitants . . . . .	1,300	1,600
(c) Other Towns . . . . .	1,100	1,400
(d) Villages, etc.. . . . .	1,000	1,300
(e) Rural Districts . . . . .	800	1,100

If the person has one or more children dependent on him, the limit shall be raised by 200 crowns for the first child, and 150 crowns for each of the other children. If a member after his admission comes to have an income or an estate in excess of the above limits, he may still keep his position by paying a supplementary premium in proportion to the reduction of the State and communal grant the society suffers on his account. —

When a member comes to have an income exceeding by 600 crowns the limit laid down he can no longer benefit by the insurance, but retains his right to benefit when his income again falls below the limit laid down, without regard to the age prescribed in the rules, or the state of his health at date of admission. — A commission is formed in the locality which, in cases of doubt, shall decide if the economic situation of a person authorizes him to be admitted and under what conditions such admission may take place.

With regard to the state of health of a person applying for admission to membership in such a society, the bill lays down that any recognised society must have two sections:

Section A, for persons not affected with chronic or incurable disease or infirmity entailing, or capable of entailing, an appreciable reduction of their powers of work.

Section B, for persons whose state of health prevents their admission into section A, but who have, however, retained their ability for work and do not suffer from diseases rendering them liable to frequent and long interruptions of their work. Nobody can be admitted as member if he is ill at the moment of admission or is suffering from the effects of a recent access of a chronic malady.

Any person satisfying the above conditions as specified in the rules authorized for each society, may apply for admission.

The bill lays down the following rules in regard to subventions granted by the public authorities.

The yearly subvention from the State to section A shall be 2 crowns for each member of the section, and an amount corresponding with  $\frac{1}{3}$  th of the total annual premiums paid by the members of the section.

Section B receives an annual subvention of 4 crowns per member and an amount corresponding with  $\frac{1}{3}$  th. of the total annual premiums paid by the members of the section.

In addition, the commune gives an annual grant of 3 crowns for each member of section B.

In section A an allowance in money is given for at least 13 weeks in the course of 12 consecutive months.

In section B an allowance is granted for 13 weeks in the course of 12 consecutive months. When a member has received an allowance for 39 weeks in the course of 36 consecutive months, he can receive no further allowance from this section.

When in the course of 3 consecutive years a member of section A has received assistance (medical and hospital treatment and medicines), for sixty weeks, he shall lose his right to any further assistance from section A but may be admitted into section B without regard to his age, provided however, he fulfils the necessary conditions for admission into that section.

In section B the above assistance is granted for a total term of 90 weeks in the course of 3 consecutive years.

The municipal councils shall have power, without other authorization from the superior authorities, to grant members of recognised societies

assistance towards the payment of their premiums; such assistance may not, however, exceed  $\frac{2}{3}$  rds. of the premium.

In case of sickness the member will have right to medical and hospital treatment free for himself and for his children under fifteen years of age; he has further a right to an allowance in money which may not be less than 5556 frs. per day. (The amount of this allowance is to be fixed in the rules).

To obtain assistance from a society in case of sickness, the applicant must have been a member of the society for six consecutive weeks. The allowance in money will not be given in cases of sickness not exceeding 1 days.

There shall be a special inspector for the sickness societies, who, among other duties, must regularly inspect the book-keeping of the recognised sickness societies on the spot.

(Summarised from the analysis communicated by the Secretary to the Danish Parliament to the International Permanent Committee of Social Insurance).

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2.—THE BILL OF OCTOBER 9TH, 1912 ON UNEMPLOYMENT SOCIETIES. — This bill confirms, with a few amendments, the provisions of the existing law of April 9th., 1907 on unemployment societies.

By unemployment societies are understood societies of persons receiving wages in a certain trade or profession (as, for example, commercial employees, industrial workmen, agricultural labourers, etc.), who have associated to assure themselves, by means of payment of a certain premium, mutual assistance in case of unemployment, which, however, must not be due to a strike, or a lock out, or the fault of the member.

Any unemployment society may claim to be recognised by public authority and receive from the public authorities the subvention granted in consideration of such recognition, provided it fulfils the following conditions:

1. It must have at least fifty members.
2. It must be for one or more definite trades, or be exclusively limited to a single locality.
3. Only wage earners of small means (labourers, small farmers, artisans, shopkeepers, clerks, etc.) may be members.

By a person of small means, shall be understood any married person whose estate does not exceed 10,000 crowns and any unmarried person whose estate does not exceed 5,000 crowns.

The limits of incomes are fixed as follows:

	Unmarried Persons. Crowns	Married Persons. Crowns
(a) Copenhagen and Neighbouring Communes .	1,600	1,800
(b) Towns of more than 20,000 Inhabitants . .	1,300	1,600
(c) Other Towns . . . . .	1,100	1,400
(d) Villages, etc. . . . .	1,000	1,100
(e) Rural Districts . . . . .	800	1,100

If the person has one or more children dependent on him, the limit will be raised by 200 crowns for the first child, and 150 crowns for each of the other children. — If a member, after his admission, comes to have an income or an estate in excess of the above limits, he may still retain his position, on paying a supplementary contribution in proportion to the loss of the grant from the State and the commune the society suffer through him.

4. No one may be admitted as a member of a recognised unemployment society until he has completed his eighteenth year or after the completion of his sixtieth year.

No one may benefit at the same time by member's rights in more than one recognised unemployment society.

The State will pay the recognised unemployment societies an annual subvention corresponding, in the case of each society, with a third of the total amount of premiums.

The municipal councils have the right, without further authorization from the superior authorities, to assign a grant to unemployment societies in their own districts and recognised by them; this grant may not exceed a sixth of the amount of the premiums paid by the members of small means inhabiting the commune. The municipal councils have also the right to come to the assistance of members of small means inhabiting the commune, paying for them a part (up to one sixth) of their premiums.

Every unemployment society shall make its own rules in which the amount of assistance granted in case of unemployment must be fixed. In a recognised unemployment society, the annual premium, including the subvention paid by the public authorities shall be fixed at such a figure as may be considered, in the light of previous experience, sufficient to allow of the assistance fixed in the rules being granted to members when necessary.

The assistance may consist of :

- 1st. a travelling or removal allowance ;
- 2nd. a lodging allowance ;
- 3rd. a daily allowance ;

4th. an accouchement allowance up to the expiration of the fourth week from date of accouchement.

If the society is limited to a single profession, the amount of the daily allowance may not exceed  $\frac{2}{3}$  rds. of the average wage paid in that profession ; if the society is limited to a locality, the amount may similarly not exceed  $\frac{2}{3}$  rds. of the average wages paid in the locality.

The assistance, however, can in no case be less than 0.69 frs. or more than 2.778 frs. a day. The amount of assistance granted during 12 consecutive months shall be fixed at an amount, as a rule, corresponding at least with 70 times the daily allowance in money fixed in the rules.

When a member, who, in consequence of unemployment, has a right to assistance, undertakes a work for which he receives wages less than the maximum amount of assistance indicated above (2.778 frs. per day), the

society shall be bound to pay him the additional amount required to raise his income to the maximum indicated.

No assistance will be granted till the member has belonged to the society for twelve months, nor unless he has paid his premiums. Assistance is not given for the first six days of the term of unemployment (and the rules may prolong this period to fifteen days). Special provisions may be established in the case of those societies that have among their members workmen who are only employed at certain seasons.

When in the course of three consecutive years a member has received assistance from the society amounting to a daily allowance in money for at least 210 days, he may no longer, by the rules, receive assistance from the society until after another period of membership of twelve consecutive months and payment of the premiums due for the period.

An unemployment society is not to give assistance :

1. In case of strikes or lock outs, to persons engaged in the conflict;
2. To members whose unemployment is due to sickness or disability;
3. To members unemployed because they have left their work with no good excuse or have been dismissed for drunkenness, laziness or ill conduct;
4. To members punished with imprisonment;
5. To members in prison awaiting trial;
6. To members receiving a fixed subvention from public charity;
7. To members refusing to undertake, at the suggestion of the committee of the society, work for which they are suited offered them by a labour bureau or other persons.

Inspection of the recognised unemployment societies shall be made by the unemployment inspector who is appointed for a period of at least three years and has to examine the accounts of all the recognised unemployment societies.

(Summarised from the analysis communicated by the Secretary to the Danish Parliament to the International Permanent Committee of Social Insurance).





## Part III: Credit

### EGYPT.

#### THE POSTAL SAVINGS BANK.

##### OFFICIAL SOURCES:

ANNUAIRE STATISTIQUE DE L'EGYPTE (*Egyptian Statistical Yearbook*). Department of Finance. Statistical Division. Cairo, 1912.

UNION POSTALE UNIVERSELLE: Recueil de Renseignements sur l'Organisation des Administrations de l'Union et sur leurs services internes (*Universal Postal Union. Collection of Information on the Organisation of the several Boards of Management of the Union and their Departments for Internal Affairs*). Sept., 1911. Lausanne, 1911.

##### UNOFFICIAL SOURCES:

NOTES ON THE POSTAL SAVINGS BANK SYSTEMS OF THE LEADING COUNTRIES. National Monetary Commission. Washington, 1900.

MEYER (Dr. F.): Die Postsparkassen als Volks- und Staatsbanken (*Postal Savings Banks as Peoples' and State Banks*). Tübingen, 1908.

CAISSE POSTALE D'ÉPARGNE (*The Postal Savings Bank*) in the *Economiste Européen*. No. 15. April 11th., 1911.

#### § 1. GENERAL OBSERVATIONS.

The first attempt to found a postal savings bank in Egypt was made in 1888, seven years after the attempt to institute a State Savings Bank. In neither case was the desired effect realised and the schemes were abandoned. It was only on March 1st., 1901, that, particularly at the suggestion of the British Administration, the projects were resumed and a postal savings bank began to work. There are now twenty six offices working in the chief towns of the governments and *mudiriyyah* and in some other important localities.

The books are delivered free of charge to the depositor to whose name they are made out, for they are always made out to some name. A deposit of less than 50 *millièmes* (x) (frs. 1.30) is received, nor are

1 *millième* = frs. 0.026.

fractions of less than 10 *millièmes* accepted. The total annual deposits, less withdrawals, must not be more than 50 Egyptian Pounds (2) (frs. 1,296) and the total deposits after deduction of withdrawals may not exceed 200 Egyptian Pounds (frs. 5,184). Withdrawals of less than 50 *millièmes* may not be made nor may they include fractions of 10 *millièmes*, except in the case of dividends or settlements of accounts.

In Upper Egypt amounts of not more than 10 Egyptian Pounds (frs. 259.2) are withdrawn on demand, in Lower and Middle Egypt this maximum is raised to 5 Egyptian Pounds (129.6 frs.): for amounts exceeding these limits the depositor must make application to the General Management on the prescribed form, supplied gratis by the Post Office, and wait for the Management to authorize the withdrawal.

After each withdrawal when a regular receipt has been given for the amount withdrawn, the bank book is sent to the General Management for the necessary examination. The provisions, generally, impose restrictions on account, above all, of the difficulty in exerting supervision: thus, for example, no deposit or withdrawal can be made in an office other than the one which issues the book. In case the book is lost, the owner must immediately advise the post office of the place in which he lives and a duplicate book will be supplied to him on payment of 50 *millièmes*, after authorization has been obtained from the General Post Office.

The State guarantees complete repayment of capital and interest after a period of 15 years has passed in which neither deposits nor withdrawals are made, the amounts to the credit of the owner become the property of the State.

The amounts deposited in the Savings Bank are undistrainable and no opposition can be made to a withdrawal requested by the owner of the book. Yet, in case of deposits made in the name of minors, or persons incapable or disqualified by law, the legal representative may make opposition; but for it to be valid, he must make it through the messenger of the court and the post office which would have to repay the amount must be notified.

In order to encourage the spirit of economy in children and facilitate for them the keeping of their small savings, the postal administration, in 1905 instituted a special system permitting them to make deposits by means of very small payments of 5 *millièmes* (0.13 frs.) in stamps. These stamps are attached to a special card and when they reach the amount of 50 *millièmes*, the minimum fixed in the regulations for deposits, this amount will be placed to the credit of the child in a savings bank book issued in his favour.

This facilitation, originally limited to children, has been recently made general, so that even adults of the less well to do classes may benefit by it.

This system is in use in all the post offices of Cairo and Alexandria and in 21 other offices in various parts of Egypt.

(2) Egyptian Pound = frs. 25.92.

To close these short notes on the formation of postal savings banks, we shall say further that, in 1906, the Postal Departments of the United Kingdom and Italy concluded a special agreement with the Egyptian Postal Administration, by virtue of which the accounts deposited in the Egyptian Postal Savings Bank may be transferred to the Banks of the two countries mentioned or vice versa. The transfer in the case of Italy is without charge, in that of great Britain it is subject to a charge of 5 millièmes for every 2 Egyptian Pounds.

## § 2. RESULTS OBTAINED BY THE POSTAL BANK.

Between 1906 and 1911 the number of depositors increased from 59,084 to 117,650 and the amounts deposited varied between 331,072 Egyptian Pounds (8,581,386 frs.) and 460,957 Egyptian Pounds (11,948,005 frs.). At the end of 1906, of 59,084 depositors, 43,877 were natives and the rest were divided as follows :

Italians . . . . .	5,369	Austrians . . . . .	993
Greeks . . . . .	3,890	Germans . . . . .	443
British . . . . .	2,272	Other Nationalities . .	994
French . . . . .	1,245		

In 1911 the 117,650 depositors were divided as follows :

Egyptians . . . . .	89,893	French . . . . .	2,665
Italians . . . . .	9,483	Austrians . . . . .	1,757
Greeks . . . . .	7,289	Germans . . . . .	760
British . . . . .	4,067	Other Nationalities . .	1,746

The relative position has not varied ; however the percentage of the foreign depositors has considerably diminished (25.8 in 1906 and 2.3 in 1911).

But in spite of the considerable increase of depositors and deposits, the situation of the Bank, as regards its economic and social duties was not what might be desired : it will be enough, however, to consider the distribution of the depositors according to profession (1906) :

Profession	Depositors	%	Profession	Depositors	%
School children, Students, Children . .	12,374	20.4	Soldiers . . . . .	1,556	2.7
Tradesmen . . . . .	11,178	18.8	Priests and Schoolmasters . . . . .	1,287	2.2
Civil Servants . . . .	10,214	17.3	Farmers . . . . .	543	0.9
Factory Employees . .	8,619	14.6	Benevolent Societies .	18	
Servants . . . . .	5,797	9.8	Miscellaneous Societies .	9	6.6
Workmen . . . . .	2,247	3.8	Various Depositors . .	3,615	
Professional Persons .	1,727	2.9	Total . . . . .	59,084	100.00

From these figures we see that the farming class, which ought to have benefited most by the Savings Bank, had, up to that moment, derived the least benefit. This was due probably to the unpopularity of the institution among the agricultural classes and the difficulties in the way of the business, due above all to the post offices authorized to act as agents of the Bank being dispersed at great distances in the interior of the country.

To obviate this defect and to bring the Postal Bank into immediate contact with the whole rural population, it was decided, in the early months of 1912, to bring the *jellaheen* into relation with the institution by means of the *sarrafs*, collectors of taxes. These now act as agents of the Bank and receive and refund the amounts within the limits of their district, in accordance with the laws and the regulations in force for deposits and withdrawals to be made at the post offices.

This system, inaugurated by way of trial in the *mudirihs* of Gharieh and Charkieh, was extended to the whole of Egypt on April 1st., 1912.

The results of this praiseworthy initiative were not slow in revealing themselves. The provisions taken in the matter, together with the increase of the rate of interest on deposits and dividends, which, at that date, was raised from  $2\frac{1}{2}\%$  to  $3\%$  have occasioned a large increase in the deposits. In fact, the number of depositors increased between the end of 1911 and that of 1912 from 117,650 to 265,003, that is more than 125%. The total amount of deposits at the end of 1911 was, as we have seen, 460,987 Egyptian Pounds, equal to 11,948,005 frs. The deposits made in 1912 amounted to 476,684 Egyptian Pounds and 387,058 Egyptian Pounds were withdrawn, so that on December 31st., 1912 there was a net balance of 550,583 Egyptian Pounds, exceeding that of the previous year by 89,626 Egyptian Pounds. This means that the measures taken at the beginning of 1912 have caused an increase in the deposits of more than 650% of the increase observed in the previous year which was only 13,995 Egyptian Pounds (362,750 frs.).

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## SPAIN.

### THE 1908 LAW ON USURY, ITS CAUSES AND PROBABLE EFFECTS, ABOVE ALL FOR AGRICULTURAL AND LAND CREDIT

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#### § 1. PREVIOUS HISTORY OF THE SUBJECT.

In his commentary on the 1848 Penal Code, the illustrious jurist, Joaquín F. Pacheco, observed that according to it, usury was not a crime, and, endorsing the economic ideas then prevalent, he declared that it was directly that the law and the Government must exert themselves to check its increase. (1).

A few years later, the law of March 14th., 1856 abolished liberty with regard to the rate of interest demanded. There was no special provision with regard to arrears, but art. 8 fixed the legal rate at 6 %, as it was also fixed in art. 1,108 of the Civil Code in force. This rule remained until the law of August 2nd., 1899 reduced the legal rate to 5 %, while leaving contracting parties every right as heretofore to make their own regulations with regard to interest.

Under the protection of legal liberty, everywhere a crop of usurious contracts had sprung up against which the debtors could find no protection in the law, for it was very difficult for them to prove they had signed under compulsion, which was the only ground on which the civil code allowed contracts of usurious loans to be annulled. The excessive usury and the reaction against the ideas of economic liberalism prevalent in the days of the jurist Pacheco awoke a desire in the Spanish public for the regulation of usury and a celebrated professor of Salamanca went so far as to write that "protection against usury" would be an improvement in itself worth more than "a whole system and programme of roads, canals for drainage, technical and intensive cultivation, agricultural credit, etc." Before this, in the

(1) El Código penal comentado (*The Penal Code Commented*), Vol. III, pp. 393. Madrid, edited by Santiago Saunague, 1849.

same article (1) from which we quote, in allusion to agricultural credit and co-operation, he says again: "They represent a wise hygienic system, a remedy the effects of which are almost certain, sooner or later. But the suppression of usury by means of the imposition of penalties is the surgical operation to be performed before anything else, that nothing can be substituted for, without which the results of hygiene and therapeutics are uncertain, or at least unimportant, and too slow for a disease at once chronic and acute."

Nothing would be easier than to accumulate quotations in the same sense, even to weariness, in order to show how unrestricted usury was in Spain during the fifty years in which the régime of liberty inaugurated by the 1856 law was in force. Let it suffice to note what was said in the official publication, "The Crisis in Agriculture and in Livestock Improvement" (2), which, in the publication of its 516 answers, witnessed to the bitter complaint against usury.

It shows in detail that the average interest on mortgages is from 8 to 20 %, and besides this from 20 to 30 % is charged in other contracts. Cases are given in abundance of rates of over 100 %, exacted above all from small workmen, the arrangement being disguised under the form of an ordinary loan contract (sale with right of redemption). The usury is even more exorbitant, when the loan is made in kind instead of in money. If to this real riot of usury, the curse of agriculture, we add the scandalous excesses to which the usurers proceed when lending, in the large centres of population, to employees in the public services, to pensioners, minors, and generally to all in need, of whose precarious situation they take advantage, when they do not prepare their ruin by encouraging their extravagance or exciting their vices, we shall not be astonished that the proposals put forward for the suppression of usury were favourably received, beginning with the proposals of Prof. D. Gumersindo de Azcárate, which, with some modifications, became the 1908 law against usury.

(1) *La represión de la usura y la cooperación agrícola* (Suppression of Usury and Agricultural Co-operation), by D. ENRIQUE GIL Y ROBLES in *Revista Católica de las cuestiones sociales de Madrid*, January 1902, pp. 12-14. — We think it will not be inopportune to observe that Spanish legal tradition, up to the period of liberal theory, had placed usury not only among the crimes punishable by law, but even among heresies, as may be seen in the classic work of ALFONSO DE CASTRO, *Adversus omnes Hareses*, Libri XIII, pp. 881-882. Lyons, 1546.

(2) See especially vols II-V of the work (*La crisis agrícola y pecuaria*) in which are published the answers to the schedule of questions under the sub-title, "Información escrita de la Comisión creada por Real Decreto de 7 Julio de 1887 para estudiar la crisis por que atraviesa la Agricultura y la Ganadería". (Report of the Commission created by Royal Decree of July 7th 1887, to study the Crisis through which Agriculture and Livestock Improvement are passing). Madrid, printed by the Sucesores de Rivadeneyra, 1887-1888.

## § 2. THE LAW AGAINST USURY.

Before examining the law itself, we shall summarise the reports of the Parliamentary Debates. The Deputy Prof. Azcárate's bill was read in the Chamber of Deputies on November 11th., 1904. He himself delivered a short speech to the following effect. The Revolution aimed at sanctioning liberty of every kind, and even liberty in regard to the interest asked on loans; sooner or later this liberty was realised in every country. It was then found it was necessary to complete the work with a view to the practical results. While confirming liberty as regards interest, Austria, by the laws of June 19th., 1877 and May 28th., 1881 and Germany, by those of May 24th., 1880 and June 19th., 1893, combated the scandalous abuses committed by the money lenders. It was the same in England, where, although there was no recognised rate, the law-courts came to the aid of the hardly treated poor in 1854. For the purpose, the principle "*Fraus omnia viciat*" was invoked, and the law of August 8th., 1900 was passed, by which the same powers are assigned to the County Courts; cases also are specified in which the money lenders make themselves criminally liable. He went on to say that the Swedish law of June 14th., 1901 was based on the same idea. With regard to the objection, also made in other countries, that the law would be ineffectual, he showed that in Austria and Germany statistics prove that if all anticipations have not been realised, yet something has been effected to justify the laws in question, as they have been applied approximately in half the cases recorded. He then showed that these laws were inspired by the doctrine of intervention which has led Roosevelt to say: "It will perhaps be necessary to intervene in transactions between private persons more than has been done up to the present and to check craft as we check violence!" He concluded by saying that it was not for want of conviction, but only through desire of facilitating the acceptance of the proposal, that penalties for infringement of the law were not imposed as in all the above quoted foreign laws.

The penalty for usury remains in principle recognised, and in some manner, as we may see, the law approved four years later in the Cortes recognised it, for the proposal in favour of which Prof. Azcárate spoke on November 21st., 1904, was not then carried, notwithstanding that the President of the Council, Maura, declared that he thought it greatly needed and promised that the Government would present a bill on the subject. Things continued their regular course in those Cortes and in the Cortes that followed, until the Maura Cabinet returning to power reintroduced the bill, with a few amendments, in the session of July 20th., 1907 (1) The Par-

(1) For the study of the Parliamentary history, see: *Catálogo de documentos y Resumen de debates parlamentarios sobre cuestiones sociales*. (Catalogue of Documents and Résumé of Parliamentary Debates on Social Questions). Madrid, Imp: de la sucesora de



liamentary discussion was brief. It took place in the Chamber on the 7th and 9th. May and 20th. June, 1908 and in the Senate on the 8th., 9th. and 10th. of July of the same year. Sympathy was general both with the spirit of the bill and its supporters. Prof. Azcárate said that the law would not tend to fix the legal rate, as some speakers alleged that it would. By this law it was only desired to render null and void contracts implying real and positive absence of free consent, and to reaffirm the relations that should exist between law and morals; contracts are really only guaranteed at the usual rate of interest, which the judges will settle in each particular case, taking account of its special circumstances (1).

The law passed by the Cortes and signed by H. M. the King on July 23rd., 1908, contains 17 articles. In view of its brevity, we think it better to reproduce it in full rather than give an abstract of its provisions.

Art. 1. Any contract of loan shall be null and void in which stipulation is made for an interest considerably above the ordinary rate and manifestly out of proportion to the circumstances of the case, or in conditions making the contract one sided, if there is reason to think it was accepted by the borrower on account of his embarrassed situation, his inexperience, or the limitation of his mental powers.

Such contracts shall be equally null and void in which it appears that a larger amount has been received than was actually delivered, whatever the amount and the circumstances.

Also any *renunciation of his own rights* in the district made by the debtor in this class of contract shall be null and void.

Art. 2. The Courts shall decide in each case, forming their opinion freely after hearing both parties.

Art. 3. When a contract is declared null and void in conformity with the present law, the borrower shall only be obliged to repay the amount he has received. If he has already paid a part of the amount with the interest due, the lender shall return to the borrower the amount paid in excess of the sum lent.

Art. 4. If the contract annulled in virtue of the present law is of date anterior to that of the promulgation of the law, the total amount received by the lender in payment of the amount lent and interest due must be established. If this amount equals or exceeds the sum lent with interest at the usual rate, the lender shall be obliged to deliver a receipt in full in favour of the borrower, whatever the form of the lenders' right.

If the amount already paid is less than the total amount of the principal with the usual interest, the debt shall be reduced to the amount still

M. Minuesa de los Rios, 1910, pp. 296-297 and 360-361. *Boletín del Instituto de Reformas Sociales*, Vol. I, July, 1904-June, 1905. Madrid, id. page 329. For the discussion of the bill, see: *Diarios de sesiones del Congreso de los Diputados y del Senado* (Reports of the Sessions of the Chamber of Deputies and of the Senate) since the date indicated, for the days mentioned in the text.

(1). Session of May 7th., 1908. *Diario de Sesiones del Congreso de los Diputados* pp. 6,284 — 6,285.

due which shall bear the corresponding legal interest until payment has been made in full. If the borrower has not yet repaid anything, he shall only have to pay the sum received together with the usual interest on it.

Art. 5. In case three or more contracts of loan made by any money lender after the promulgation of this law shall be annulled by virtue of the provisions of this law, he shall be fined from 500 to 5,000 pesetas, according to the seriousness and the number of repetitions of the offence.

Art. 6. This penalty shall be imposed by the same court as has annulled the contract.

Art. 7. For the purposes of the provisions of art. 5 of the present law, the Department of Grace and Justice, with the records forwarded to it by the Courts, shall establish a central register of loan contracts annulled, in which, in each case, the name of the money lender against whom judgment has been pronounced shall be entered. The General Management of the Registers shall prepare certificates of the entries in the Central Register in question, which the Courts may demand on their own account or at the request of the parties concerned.

Art. 8. Any judgment by which a loan contract is annulled in conformity with this law, must bear attached the sentence condemning the lender to pay the costs.

Art. 9. The provisions of this law shall apply to any business transaction substantially equivalent to a loan in money, whatever the form assumed by the contract and the security offered for its fulfilment.

Art. 10. The money lender who makes a contract with a minor shall be considered as knowing that he was such, unless he can prove that he had reasonable and sufficient grounds for believing him to be of age.

Art. 11. He who, unable to arrange contract with a person legally incapable of contracting obligations, attempts to bind such person to the discharge of an obligation, by making him give his word of honour, or any similar means, shall incur the penalties imposed by art. 5 of the present law, always, according to the case, in the maximum degree.

Art. 12. The judges of the first instance shall be competent to judge actions brought for the annulment of contracts to which the present law applies, whatever the amount of the loan, and the business shall follow its course in conformity with the rules of procedure in force with regard to its amount, and, when the amount of the loans does not exceed 500 pesetas, appeals brought at a date and in the form established by the law on Municipal Justice with regard to the decisions shown in the reports shall be heard by the local court.

Art. 13. The process of annulment shall not stop the course of justice, until after sequestration of the estate.

Art. 14. Alterations introduced into contracts annulled in accordance with this law, in which unreal securities are simulated or the date of the contract changed so as to make it valid, may entail criminal liability as in the cases provided for in the penal code, in every case for the lenders, and for the borrowers when the special circumstances of the contract and the facts established by the trial justify the court in so deciding.

Art. 15. The establishments for loans on security shall be regulated by the special laws or regulations in force or to come into force.

Art. 16. All decrees, laws and provisions contrary to the present law shall be repealed in so far as they are contrary to it (1).

### § 3. PROBABLE EFFECTS OF THE LAW, ABOVE ALL ON AGRICULTURAL CREDIT

With regard to the effects of the law, we shall here give our personal opinion. First of all the law must not be considered as final, but quite simply as tentative according to the expression of the then President of the Committee of the Chamber during the debate in Parliament (2).

We must remark that the law does not specially propose to counteract the action of usurers in connection with agriculture. The example brought forward by those who spoke in the two Chambers referred to the usury exacted from clerks and pensioners or persons in need not engaged in agriculture, and the same may be said with regard to the many cases of usury mentioned by the Bishop of Jaca in a question put to the Minister of Grace and Justice (3) with regard to advertisement in the Press in which money was offered at more than 100 % interest per annum. In spite of this, the law does concern agricultural and land credit with the rest. It will be possible to judge fairly of its effects after it has been in force for a few years and when we have statistics of the credits annulled, and the usual rate of interest which will be a sufficiently certain guide to enable us to estimate of the advantages obtained by it with allowance made for the combination of causes affecting the price of money on the market.

As regards the information supplied by the Central Register (4) on the contracts annulled in conformity with the provisions of art. 7 of the law and with what was established by Royal Decree of February 27th., 1910, we find that 97 loan contracts have been declared null and void and only 5 of these were for loans to persons engaged in agriculture, according to what can be inferred from the class of documents and the district in which the contract was drawn up. All the other loans are undoubtedly not agricultural credits, generally small sums lent to persons in large towns like Madrid, Barcelona and Valenza, in return for receipts, bills, special certificates recognised in law, and, in exceptional cases, public deeds and mortgage bonds.

(1) For a detailed study of the law and an acquaintance with the various ways of practising usury, consult the work of Luis Palomo, Senator of the Kingdom, "*La ley contra la usura anotada*" (The Law on Usury, Annotated). Madrid, 1908.

(2) JOSÉ CANALEJAS. See *Diario de Sesiones del Congreso* (Journal of the Session of the Chamber), May 9th., pp. 6,324.

(3) *Diario de Sesiones del Senado* of July 8th., 1908, pp. 134 et seqq.

(4) Up to December 10th., 1912.

As the data in the Central Register do not allow of our judging of the defects of the law with regard to agricultural credit, and as also its merits or defects have had no visible effect, we can only judge of them in accordance with calculations based on reasons the reader himself will estimate.

We consider the law is a benefit for agricultural and land credit and think no weight should be attached to criticisms based on the ground that the Courts fix the usual rate of interest on different principles. The circumstances of each particular case in fact provide the judges with the grounds for their decision as to whether the rate agreed on is unusually high. These circumstances are the farmer's guarantee that account will be taken, in the contracts made with him, of the special elements that come into play in establishing the rate of interest on agricultural loans, in accordance with which, loans shown to be usurious may be annulled either on account of the rate of interest, or the form of the contract. With regard to this latter point the law is quite explicit when it says in article 9: "The provisions of this law shall apply to any business transaction substantially equivalent to a loan in money, *whatever the form assumed by the contract*, and the security offered for its fulfilment. The words in italics have an immense significance as far as land credit is concerned. The most scandalous form of usury, so far as agriculture is concerned, is practised by means of the contract called contract of sale with right of redemption. It has the appearance of a contract of sale with right of redemption by the seller within a longer or shorter period, but it is really only a usurious loan by which the real estate is sold and given in guarantee of the fulfilment of the bond becomes immediately the property of the lender. By means of such sale with right of redemption, the usurers get possession of the land, for it is impossible for it to yield enough to allow of the payment of the high interest agreed on. Thus they purchase at prices insignificant in comparison with the real value.

As the losses through these contracts of sale with right of redemption are serious, Señor Aguilera put a question in the Senate, during the debate on the law, as to whether the aforesaid article 9 referred to this class of contracts. In the name of the Commission (1), Señor Ruis Capdepón replied in the affirmative and since the coming into force of the law, a loan has been annulled, concluded by means of a contract of sale with right of redemption and amounting to 7,999 pesetas 50.

This article, which is a quite special safeguard for farmers against the form of usury based most frequently on this class of contract, must necessarily benefit agriculture. But the advantages that may be derived from the law will depend on the use the agricultural classes can make of it and will owe all on their spirit of association and its strength. These are ideas which require that we should explain our thoughts and opinions by some additional observations. The law leaves it to the judge, to the ruling of the

(1) *Diario de sesiones del Senado* (Journal of the Sessions of the Senate), 1908, 3,250-5,251.

competent judge, as is said, to determine the usual interest (arts 1. and 4). The action of the law is made retrospective, so as to protect borrowers oppressed by usurious contracts of loan passed previously to its promulgation. In this way it protects all those who may have such contracts; it occupies itself with the past: while article 1 provides for future eventualities. Now since there are judges who, in taking count of all the circumstances, fix the usual interest so that labourers may generally obtain money at a low rate, private contractors will themselves allow a corresponding reduction. In this way, the law will indirectly incite the farmers to associate, as, thanks to association, as soon as they find themselves in certain required conditions, they may obtain credit, even at the *Banco de España* with which they may arrange profitable contracts. Association will establish the rule for interest on agricultural loans, even in the case of private loans, provided always the necessary security is forthcoming. An intense spirit of association will serve to reduce the interest and that will have an immediate, although indirect, effect on all agricultural and land credit.

From another point of view, agricultural association will enable the law on usury to work satisfactorily, as it will render it practically efficacious. Since the law leaves the decision to the judges, it might be feared that, if the money lenders are influential, they would try to exercise such an influence by means of their relations with political parties as to prevent justice being done. In his article quoted above, Señor Gil y Robles says "Money lenders are generally in the same degree influential and usurious" (1). Although after having written this phrase he generalises far too much, yet, it is unhappily only too true that the words contain in substance much that cannot be denied. The law against usury will remain a dead letter above all in the country districts, and its generous intention will fail if it is not supported by association, the only force the weak can use in their defence against the designs of the strong. Strengthened by association, the farmers will be able to resist the attempts of influential usurers against individuals, by appealing to the law, and even overcoming their power by at last giving the judges greater moral liberty and reinforcing it by the support the judges will have in public opinion, an inextinguishable rampart protecting them against the encroachments of the executive power on their independence, which it is now possible on occasion to limit by threats of dismissal with no reason assigned, impediments to advance or promises of promotion.

Indirectly the law may even benefit agricultural credit, by virtue of the effect that all social phenomena are observed to have on each other. The mere fact of the existence of this law is already a moral check on the unrestricted increase of usury. Supposing even that capitalists become afraid to grant loans, as may be the case, according to what some say who go so far

(1) See art. referred to, p. 12.

as to declare it probable, which for our part we cannot think (2), this will even be an advantage for the farmers, for whom loans under present conditions are disastrous. They will thus be forced to form Rural Banks, which will lend to them on favourable conditions or serve as intermediaries for them in obtaining the funds they require for their farming.

Such are, in our opinion, the judgments that can be passed on the effects of the 1908 law on usury, which, without having aimed at it, will give an impulse to agricultural association and especially to co-operative credit.

(2) The loans annulled in December, 1912 were for small amounts, which shows that the law is not a menace to lenders.

## GREAT BRITAIN AND IRELAND.

### STATISTICS OF LAND PURCHASE CREDIT IN IRELAND.

#### SOURCES (OFFICIAL) :

REPORT OF THE IRISH LAND COMMISSIONERS for the Period from 1st. April, 1911, to 31st. March, 1912. Dublin: A. Thom and Co., 1912.

REPORT OF THE ESTATES COMMISSIONERS for the Year ending 31st. March, 1912, and for the Period from 1st. November, 1903, to 31st. March, 1912, Dublin: A. Thom and Co., 1912.

The Acts of Parliament mentioned in the text.

The long series of laws authorising State advances to Irish tenant-farmers to enable them to purchase their holdings was outlined in an article supplied to us by Mr. T. P. Gill, Secretary of the Department of Agriculture and Technical Instruction for Ireland, and published in the *Bulletin of Economic and Social Intelligence* of October, 1911 (page 161). To this article were added notes giving fuller particulars of the systems of land purchase introduced by the various Acts.

In the present article we propose to give statistics, taken from the latest official reports, of the advances made under the Purchase Acts 1885 to 1909. In doing so, we shall repeat the explanations given in so far as may be necessary in order to make the figures intelligible without reference to the previous article.

#### § 1. PURCHASE CLAUSES IN EARLY LAND ACTS.

The first Land Purchase Act, properly so-called, was the Irish Land Act, 1885, but purchase clauses were introduced into earlier Acts, and we are able to give a few figures relating to the proceedings under these clauses.

Thus, under the Irish Church Act, 1869 (the Act by which the Church of Ireland was disestablished) about 6,000 tenants of glebe lands purchased their holdings with the aid of advances from the State. These advances were limited to three-fourths of the purchase-money, and were repayable in half-yearly instalments covering a period of not more than 32 years. The interest charged was 4 per cent. per annum.

Under the purchase clauses of the Irish Land Act of 1870, 87 tenants purchased their holdings, the total amount advanced to them being £514,536. The advances were limited to two-thirds of the purchase-money and they were repayable in 35 years, the annual charge for interest and sinking-fund being 5 per cent.

The Land Law (Ireland) Act of 1881 also contained purchase clauses. Where a tenant wished to pay a principal sum to the landlord, the State advanced three-fourths of the purchase-money; where he paid a "fine" he engaged to pay the landlord a "fee farm rent," half the "fine" was advanced. Power was also given to the Irish Land Commission (a tribunal established by the same Act) to purchase estates and re-sell the holdings to the tenants by either of the two systems described. The interest and terms of repayment were similar to those laid down by the Act of 1870. Under the Act of 1881, 731 tenants purchased their holdings, and £240,801 was advanced.

## § 2. ADVANCES UNDER THE PURCHASE ACT, 1885.

The Purchase of Land (Ireland) Act, 1885, popularly known as "the Ashbourne Act," empowered the Land Commission to advance the whole of the purchase money to a tenant wishing to buy his holding, but the tenant was required to furnish a "guarantee deposit" equal to not less than one-fifth of the advance. The annual charge for interest and sinking fund was reduced to 4 per cent., the advances being paid off in 49 years. Under the Land Law (Ireland) Act of 1896, the annuity charge was reduced to ten years, and the period of repayment correspondingly extended.

All proceedings under the Act of 1885 have been completed, no new proceedings having been taken since 1902. The total number of applications was 29,179, and the amount applied for £11,452,066; 3,812 applications for £1,459,530 were withdrawn or rejected.

The total loans sanctioned and issued were 25,367 for £9,992,536, and in respect of sales for £10,162,834. The amount issued included £1,277 advanced to 2,029 tenants upon 101 estates purchased by the Land Commission in the Land Judge's Court and re-sold to the tenants.

## § 3. ADVANCES UNDER THE PURCHASE ACTS OF 1891 AND 1896.

The Purchase of Land (Ireland) Act, 1891, introduced the modification that the landlord was paid in Guaranteed Land Stock, bearing interest at 2 3/4 per cent., equal in nominal value to the purchase-money. At the time the Act was passed such stock stood above par and the arrangement proved a substantial inducement to the landlords to sell. The annuity charge was increased, in certain cases, during the first five years, so as to provide a margin of insurance against failure to pay the annuity in calamitous years. The Act also provided for the creation of a Guarantee Fund formed, in part, by the payment out of the purchase-annuities of 1/4 per cent. of the amount advanced.

The Land Law (Ireland) Act, 1896, introduced (as we have already mentioned) decennial reductions in the annuity charges. It also abolished the payment of 1/4 per cent. of the purchase-annuities to the Guarantee Fund, the percentage being applied to the repayment of the advance. It further abolished the "purchaser's insurance money", and authorised the Land



Commission to dispense with the Guarantee Deposit. Section 40 of the Act of 1896 enabled estates which were being sold by the Land Judge under the Landed Estates Court (Ireland) Act, 1858, to be sold to the tenant through the medium of the Land Commission.

All applications under the Acts of 1891 and 1896 have been disposed of, the last to be dealt with being five applications for advances under the 40th. Section of the Act of 1896.

Since the passing of the Act of 1891, 51,369 applications for £14,492,138 have been received; of these 4,535 for £1,345,247 were refused or dismissed for various reasons. The total amount sanctioned and issued was £13,146,892 in respect of 46,834 applications by tenants. In addition to this amount £502,797 was advanced to the Congested Districts Board for the purchase of 58 estates, making the total amount of Guaranteed Land Stock issued £13,649,689; these estates were, however, resold to the tenants, and the advances made to the purchasing tenants are included in the figures above given.

The advances of £13,146,892 included £1,107,179 advanced to 4,535 tenants on 215 estates purchased and re-sold under the 40th. Section of the Act of 1896, and £447,523 advanced to 1,758 tenants on 99 estates purchased and resold by the Land Commission in pursuance of the powers conferred upon it by the Act of 1885.

#### § 4. PROCEEDINGS UNDER THE PURCHASE ACTS OF 1903 AND 1909.

The Irish Land Act, 1903, popularly known as the Wyndham Act was the most important of the Irish Land Purchase Acts, and the transfer of ownership from the landlord to the occupier has proceeded more rapidly since it came into operation. It offered many inducements to the landlord to sell; thus, the purchase price was to be paid in cash instead of in Land Stock (which had fallen considerably below par) and a bonus was to be given to the landlord of 12 per cent in addition to the price paid by the tenant.

To the tenant was offered the inducement of an extension of the period of repayment from 49 to 68  $\frac{1}{2}$  years, the annuity charge being reduced from 4 per cent. to 3  $\frac{1}{2}$  per cent. (that is, 2  $\frac{3}{4}$  per cent interest and  $\frac{1}{2}$  per cent. sinking fund.).

The Wyndham Act created a new administrative body, the Estates Commissioners, for the purpose of exercising most of the functions of the Land Commission in regard to land purchase. Technically the proceedings of the Estates Commissioners are proceedings of the Land Commission, but it is possible to distinguish between the advances made by the Estates Commissioners and the advances otherwise made by the Land Commission.

The fall in the price of the Land Stock which was issued to provide the money advanced to the purchasing tenant and paid in cash to the landlord made it necessary to make other financial arrangements, and an amending Act was passed in 1909. The Irish Land Act, 1909, raised the purchase-annuity to 3  $\frac{1}{4}$  per cent. It provided that in the case of a

ments pending at the time the Act was passed, the purchase money might be paid in guaranteed  $2\frac{3}{4}$  per cent. stock of an amount equivalent, at the market price, to the sum to be advanced, provided the price was not lower than £92 for stock of the nominal value of £100; if the market price were lower than £92, the stock advanced was to be of an amount which would have been equivalent to the sum to be advanced, if the market price had been 2. For agreements entered into after the passing of the Act, advances might be made in guaranteed 3 per cent stock equal in nominal amount to the purchase-money. The Act of 1909 altered the bonus from 12 per cent. to a percentage varying from 3 to 18 according to the number of years' purchase of the rent to which the price was equivalent.

(a) *Advances made by the Land Commission under the Act of 1903.*

Apart from the proceedings of the Estates Commissioners, the applications for advances under the Act of 1903 received by the Land Commission from the commencement of that Act up to March 31st., 1912, numbered 12,274 representing £2,135,855; of these, advances amounting to £909,742 in respect of 11,547 applications had been provisionally sanctioned, and 129 applications for £37,887 had been dismissed. The number of loans actually issued during the period was 11,128, and they amounted to £1,951,267. These figures include 7,627 loans for £1,020,172 to tenants' estates purchased and re-sold by the Congested District Board.

(b) *Advances by the Land Commission under the Act of 1909.*

During the period from the commencement of the Act of 1909 up to March 31st., 1912, the Land Commission (other than the Estates Commissioners) received 384 applications representing £100,164. Of these, 13 loans for £73,852 were provisionally sanctioned, and 223 loans for £26,204 in guaranteed 3 per cent stock were made.

(c) *Advances made by the Estates Commissioners under the Act of 1903.*

In the case of direct sales between landlord and tenant, the Estates Commissioners received, up to September 15th., 1909, applications in respect of 8,024 estates of which the estimated purchase price was £73,816,903. 13 loans applied for numbered 216,456 and represented £73,369,161. Up to March 31st., 1912, the number of advances actually made was 102,424, amounting to £38,799,670.

The Estates Commissioners directed inquiries to be made into the circumstances of 660 estates, with a view to direct purchase from the owners or re-sale to the tenants. In addition to these, preliminary inspections were made into 128 estates, inspections were carried out on 92 estates and 66 estates the owners furnished preliminary estimates. Of the 660 estates inquired into, the Estates Commissioners refused to make an offer in 30, and 2 were withdrawn by the vendors. Offers were made to pur-

chase 538 estates, of which offers 18 were refused and 506 were accepted; in the remaining 14 cases acceptance had not been signified. Agreements were made to purchase 475 estates for a total price of £5,070,120 for re-sale to 17,549 tenants. The estates actually purchased numbered 469, the total price being £4,987,899, and the estimated number of purchasers on re-sale 17,228. Up to March 31st., 1912, part of these estates had been re-sold for £3,237,527 to 9,903 tenants, to whom advances of £3,207,688 were made.

The Land Judge furnished the Estates Commissioners with particulars of 170 estates, to enable the Commissioners to have them inspected with a view to purchase and re-sale. The Estates Commissioners refused to make offers for 14 estates; they made offers for 152 estates, of which 5 were refused by the Land Judge and the remainder accepted. The number of estates actually purchased was 146, of which the total price was £1,509,620, and the estimated number of purchasers on re-sale 5,435. The estates re-sold up to March 31st., 1912 were of the value of £1,079,467, and advances of £1,059,620 were made to 3,270 purchasing tenants.

Up to March 31st., 1912, the Congested Districts Board requested the Estates Commissioners to purchase 171 estates. Of these 164 were purchased for £2,005,530 and it was estimated that they would be re-sold to 10,681 purchasers.

(d) *Advances by the Estates Commissioners under the Act of 1909.*

Between September 15th., 1909, and March 31st., 1912, the Estates Commissioners received 10,010 applications for advances amounting in all to £2,814,671 in respect of 1,223 estates which it was proposed to sell direct between landlords and tenants. The number of advances actually made was 3,089, amounting to £1,038,696; these related to 505 estates of which the total purchase-money was £1,060,578.

With a view to purchase and re-sale, the Estates Commissioners directed inquiries to be made respecting 109 estates. Of these they refused to make an offer for 2 estates and made offers for 63. In 54 cases the offers had been accepted, and agreements had been made to purchase 4 estates for £119,650, to be re-sold to 313 purchasers, to whom advances of £119,574 were to be made. The number of estates actually purchased was 31, the purchase-price being £97,125 and the estimated number of purchasers 265. Part of these estates were re-sold for £17,889 to 42 tenants to whom advances of £17,853 were made.

The Land Judge furnished the Estates Commissioners with particulars of 17 estates. For one of these the Commissioners refused to make an offer; they made offers for four estates, of which three were accepted by the Land Judge. Two estates were actually purchased for £22,631, and it was estimated that advances of £22,630 would be made to 36 purchasers on re-sale. These estates had not been re-sold on March 31st., 1912.

The Congested Districts Board requested the Estates Commissioners to purchase 23 estates. Of these 19 were purchased (3 being acquired on

pulsonly) for £200,108, the estimated number of purchasers on re-sale being 1,196.

### § 5. ADVANCES UNDER THE EVICTED TENANTS ACTS, 1907-8.

Under the Evicted Tenants Acts, 1907-8, the Estates Commissioners have power to acquire land for the purpose of providing holdings for evicted tenants. Up to March 31st., 1912, the Estates Commissioners had acquired, in the case of 108 estates, land comprising 22,907 acres. In addition, proceedings were pending on March 31st., 1912, in respect of 2,976 acres, situated on 15 estates.

In the case of 91 estates it was estimated that advances of £318,640 would be made to 582 persons on re-sale in accordance with the provisions of the Land Act of 1903. In respect of 17 estates the advances were to be made in accordance with the Land Act of 1909; they would number 45 and would amount to £32,960.

### § 6. SUMMARY TABLES.

We now give two tables showing respectively the amounts advanced under the Land Purchase Acts during the year ended March 31st., 1912 and since the passing of the Act of 1885.

In the first of these, when dealing with the purchase and re-sale of estates, we give the figures showing the estates purchased during the year and those showing the estates re-sold during the year. It is clear, however, that these must not be added together to show the total advances made, since the advances would otherwise be counted twice, first on purchase and secondly on re-sale.

In compiling the statistics for the period ended March 31st., 1912, we are able to give the figures showing the estates purchased and re-sold and the estates purchased but not re-sold at the end of the period. This enables us to show with approximate accuracy the total advances in respect of the purchase and re-sale of estates during the period, though the figures for the estates not re-sold will be slightly modified on re-sale.

TABLE I. — Advances for Land Purchase Made during the Year ending March 31st, 1912.

	Number of Loans	Number of Estates	Area in Acres	Rent (of tenanted land only)	Purchase Money	Amount of Loans	Number of years purchase of land (tenanted land only)
<b>ACTS OF 1891 TO 1909.</b>							
<b>I. — Advances by the Land Commission under the Acts of 1891 to 1903.</b>							
(a) Direct sales between landlord and tenant.	799	48	14,101	4,629	109,030	105,805	23.5
(b) Direct sales in Court of Land Judge . .	71	8	1,872	621	13,588	13,088	21.9
<b>II. — Advances by the Land Commission under the Acts of 1891 to 1909.</b>							
(a) Direct sales between landlord and tenant.	10	3	824	117	2,060	2,060	17.6
(b) Direct sales in Court of Land Judge . .	120	16	2,635	1,182	23,591	23,379	19.9
(c) Sales by the Land Judge through the medium of the Land Commission (Sec- tion 40 of the Act of 1896) . . . . .	7	2	112	71	1,498	1,475	21.0
(d) Redemption of rents . . . . .	2	2	159	152	2,685	2,685	17.2
<b>III. — Advances by the Estates Commissioners under the Act of 1903.</b>							
(a) Direct sales between landlord and tenant.	19,087	612	611,867	263,479	5,088,452	5,039,404	22.2
(b) Redemption purchased direct from the landlord . . . . .			67,018		547,018	546,955	



TABLE II. — Advances for Land Purchased under the Land Purchase Acts, 1885 to 1899, up to March 31st., 1912.

	Number of Loans	Number of Estates	Area in Acres	Rent (tenanted land only)	Purchase money	Amount of Loans	Number of years purchase (tenanted land only)
ACT OF 1885 (Land Commission):							
(a) Purchase and re-sale of estates . . .	2,029	101	61,678	33,483	537,071	531,277	17.0
(b) Direct sales between landlord and tenant.	23,338	1,254	880,947	561,197	9,625,763	9,461,259	
ACTS OF 1891 AND 1896 (Land Commission):							
(a) Purchase and re-sale of estates . . .	1,758	99	50,419	28,558	456,539	447,533	15.9
(b) Direct sales between landlord and tenant.	40,502	2,021	1,366,629	663,646	11,773,011	11,592,190	17.7
(c) Sales by the Land Judge through the medium of the Land Commission (Section 40 of the Act of 1896) . . . .	4,574	215	125,699	66,035	1,171,676	1,107,179	17.7
ACTS OF 1891 TO 1909.							
I. — Advances by the Land Commission under the Acts of 1891 to 1903							
(a) Direct sales between landlord and tenant.	7,636	204	165,714	50,083	1,115,704	1,110,482	21.9
(b) Direct sales by the Congested Districts Board.	2,902	186	78,272	33,067	670,053	662,113	20.3

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(a) Direct sales between landlord and tenant.	14	7	1,198	210	3,695	3,695	17.6
(b) Direct sales in Court of Land Judge . . .	201	28	4,894	2,416	49,546	49,334	20.5
(c) Sales by the Land Judge through the medium of the Land Commission (Section 40 of the Act of 1896). . . . .	8	3	190	144	3,234	3,175	22.4
III. — <i>Advances by the Estates Commissioners under the Act of 1903.</i>							
(a) Direct sales between landlord and tenant.	102,424	4,061	3,328,357	1,690,210	39,188,660	38,799,670	22.5
(b) Estates purchased direct from landlords and re-sold to tenants . . . . .	9,903	—	312,989	89,903	3,237,527	3,207,688	21.9
(c) Estates purchased from Land Judge and re-sold to tenants . . . . .	3,270	—	104,884	45,219	1,079,467	1,059,620	21.0
(d) Estates purchased by the Congested Districts Board through the Estates Commissioners . . . . .	10,681	164	373,151	—	2,005,530	2,003,109	—
IV. — <i>Advances by the Estates Commissioners under the Act of 1909.</i>							
(a) Direct sales between landlord and tenant.	3,089	505	103,870	52,467	1,060,578	1,038,696	20.0
(b) Estates purchased direct from landlord and re-sold to tenants . . . . .	42	—	1,218	55	17,889	17,853	20.3
(c) Estates purchased by the Congested Districts Board through the Estates Commissioners . . . . .	1,296	19	39,401	—	200,108	200,108	—



TABLE II (Continued). — Advances for Land Purchase under the Land Purchase Acts, 1885 to 1899, up to March 31st., 1912.

	Number of Loans	Number of Estates	Area in Acres	Rent (tenanted land only)	Purchase money	Amount of Loans	Number of Loans purchase of rent (tenanted land only)
V. — Estates purchased by the Estates Commissioners and not re-sold on March 31st., 1912.							
(a) Purchased direct from landlord . . . . .	(a) 7,548	—	275,628	—	1,877,318	1,870,952	—
(b) Purchased from Land Judge . . . . .	(a) 2,201	—	58,053	—	455,862	453,879	—
VI. — Supplementary Figures: Total number of Estates purchased by the Estates Commissioners from landlords or Land Judge (re-sold or not re-sold) . . . . .							
	—	648	—	—	—	—	—
EVICTED TENANTS ACTS, 1907-8 (Estates Commissioners).							
(a) Advances under the provisions of the Act of 1903 . . . . .	582	91	22,565	—	318,640	318,640	—
(b) Advances under the provisions of the Act of 1909 . . . . .	55	17	—	—	37,847	37,847	—
Total . . . . .	224,643	9,678	7,305,727	(b) 3,356,870	75,167,705	74,154,971	—

(a) Estimated number of purchases on resale.  
(b) Rent including rent of tenanted land on estates purchased by estates Commissioners and not resold, nor on estates purchased by the Congested Districts Board.

From Table II it will be seen that from the passing of the Act of 1885 up to March 31st., 1912, land amounting to 7,305,727 acres has either been transferred from the landlords to the occupiers or has been purchased with a view to such transfer. The transfer has been affected (or will be completed) by means of 224,643 advances from the State amounting to £74,154,971. If to these figures we add the advances made under the land purchase clauses of earlier Acts, we find that, in round numbers, the State has made about 232,000 advances, amounting to about £76,000,000 for land purchase in Ireland.

It will be seen, further, that the advances made in the year ending March 31st., 1912, amounted to more than 10 per cent. of the total advances made since 1885, indicating that land purchase was proceeding very rapidly. The advances made by the Estates Commissioners, in fact, exceeded those made by them in any previous year.

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## HUNGARY.

### MISCELLANEOUS INFORMATION.

I. — THE FIFTIETH ANNIVERSARY OF THE "HUNGARIAN LAND CREDIT INSTITUTE". — On December 31st., 1912, the Hungarian Land Credit Institute completed, its fiftieth working year. In fact it began working on April 1st., 1863 and granted its first loan on the 1st. of the following July. Its duty, as defined by law, was exclusively to encourage co-operative land credit, based on mutual guarantee, with no idea of making profits; any surplus is used, after deduction of the working expenses, to increase the reserve fund, or to guarantee the mortgage bonds of the Institute. However, the action of the co-operative principle is limited by the fact of the rules assuring certain privileges to some members called *foundation members*. The foundation members are the 209 farmers who subscribed the demand for the concession of August 20th., 1862 or their representatives and a few other persons.

Since the foundation of the Institute, the reserve fund has been sufficient to allow of it supporting the financial crisis about 1870 fairly easily, ceasing since 1880 to make a deduction from the loans for its working expenses, granting mortgage loans even when the conditions of the money market rendered it difficult for the moment to find a market for its mortgage bonds, as has occurred again recently, and finally giving its debtors grace in cases of severe disaster through bad weather and only exacting from them an extra 5 % interest.

While at the foundation of the Institute the mortgage bonds were issued at 5  $\frac{1}{2}$  %, these have been gradually substituted by bonds at 5  $\frac{1}{4}$  % and 4 %; the amount of the annual instalment, originally fixed at 6.75 % has also been reduced to 6, 5.50 and 4.70 %. In 1895 and later the Institute even issued mortgage bonds at 3  $\frac{1}{2}$  %, redeemable in 63 years by means of a yearly instalment of 4 %, but these bonds were never quoted at par, and since 1907 it has been necessary to cease the issue and return to the 4 % bonds.

(in crowns).

Years	Number of Loans	Amount of Loans		Mortgage Bonds Issued				Other Bonds
		Mortgage Loans	Improvement Loans	4 ½ %	4 %	3 ½ %	Total	
1900 . . . . .	10,134	284,748,759	60,268,080	2,056,600	233,709,400	46,686,000	282,432,000	59,995,400
1901 . . . . .	10,347	292,085,298	60,417,550	1,631,800	242,871,600	45,141,600	289,645,000	60,132,400
1902 . . . . .	11,075	305,719,172	65,616,658	—	256,699,200	45,591,600	302,290,800	65,313,600
1903 . . . . .	11,708	322,007,176	68,861,848	—	255,882,200	63,354,600	319,236,800	68,518,400
1904 . . . . .	11,945	331,538,759	69,622,105	—	256,223,400	72,109,800	328,333,200	69,260,200
1905 . . . . .	12,107	335,006,803	72,388,849	—	262,330,400	71,916,800	334,247,200	77,002,400
1906 . . . . .	12,316	337,915,376	72,383,006	—	262,641,200	73,860,600	336,501,800	71,979,600
1907 . . . . .	12,521	357,788,668	71,552,470	—	281,108,800	74,930,600	356,039,400	71,131,000
1908 . . . . .	12,614	363,712,195	74,444,365	—	288,973,600	73,104,400	362,079,000	73,999,200
1909 . . . . .	12,630	373,087,667	75,216,578	—	297,797,400	71,501,800	369,299,200	74,773,000
1910 . . . . .	12,798	381,939,537	74,616,660	—	308,162,800	69,523,000	377,687,800	74,155,000
1911 . . . . .	—	—	—	—	—	—	—	—

The amount of the loans repaid between the foundation of the Institute and December 31st., 1912 was 376.3 million crowns lent among 27,387 debtors. To show the gradual increase of the loans, it will be enough to say that the total amount lent was :

in 1873 . . . . .	85.5 million crowns
in 1883 . . . . .	220.0 " "
in 1893 . . . . .	370.7 " "
in 1903 . . . . .	633.8 " "

At the end of 1912, the total amount lent on mortgage was 403.8 million crowns, in guarantee of which the Institute held mortgages to the amount of 1,100 million crowns, whilst the nominal value of the mortgage bonds in circulation was only 401.4 million crowns. The amounts due to the Institute, including loans granted for the regulation of water courses and the improvement of the soil, exceeded 476 million crowns, and the total amount of the loans granted was nearly a thousand million crowns.

Let us further mention that more than a half of the loans granted (to be precise 15,680 out of 27,058) are for amounts of less than 10,000 crowns.

Although we have no data as to the area of the holdings in favour of which these loans have been granted, we can, however, form some idea of the beneficent action of the Institute in favour of small holdings.

In terms of art. 118 of the rules, 1 % of the net annual revenue must be utilised for subventions to works of public utility or charitable institutions in connection with agriculture ; 5,000 crowns are thus given yearly in prize to the managers of nursery gardens.

On the occasion of the fiftieth anniversary of the Institute, the management voted a special bonus of 500,000 crowns for its staff.

(Summarised from: *Közlök*, the official organ of the "Hungarian Farmers' National Association," Year XXIII, No. 23 pp. 804-805 — Budapest, March 22nd, 1913).

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2. — THE WORK OF THE NATIONAL CONFEDERATION OF HUNGARIAN LAND CREDIT INSTITUTES. — This Institution, founded in accordance with the law XV of 1911, with a capital of 17,750,000 francs, has for its object the subdivision of landed properties with a view to home colonisation, the organization of collective farms, the grant of loans for these purposes, for the building of agricultural labourers' houses or the establishment of collective pastures, exclusive of any idea of profit (1).

In its first working year, the Institution bought 24,702.83 hectares, of which the greater part has already been ceded in lots to small farmers. They

(1) See article on the organization of this Institution in the *Bulletin of Economic and Social Intelligence*, for February, 1912, page 153.

pay 25 % of the purchase price in cash and the rest in annual instalments. Besides this, they enjoy important fiscal privileges.

The Federation has taken on lease 28,665 hectares and this has enabled it to found 21 farming colonies of 1,838 small farmers in 18 communes of the County of Bihar alone. Nine groups of average sized farms cover 10,777.84 hectares. In addition, the Federation has undertaken the management of farms covering 47,706 hectares. The Federation deals with the landowner in its own name, and pays him the annual rent and undertakes the subdivision and distribution of the lots among the small farmers. Each group of these is under an inspector, a practical scientific agriculturist, who lives among the farmers, and consequently, is in a position to advise them and to introduce modern methods of cultivation amongst them.

For the establishment of collective pastures the Federation has lent 2,156,070 frs., to be repaid in fifty years. It has voted 542,850 frs. for building agricultural labourers' houses, and 336,000 francs of this has already been devoted to the purpose.

It is only the work of home colonisation that it has not as yet been possible to commence, on account of the difficulty the would be colonists have in finding the financial security demanded of them. They must in fact pay 25 % of the purchase price of the land they wish to buy, in cash, and have at their disposal at least an equal amount to enable them to meet the costs of clearing, installation, building, etc. It is, however, hoped that, also in this direction, positive results will soon be attained.

(Summarised from *Pap Géa, Az új altruista bank működése*, (Work of the Hungarian National League of Land Credit Establishments, in its first Working Year). In *Gazdaságtudomány*, No. 103, December 25th, 1912. Budapest).

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3. — RESIGNATION OF THE MANAGING DIRECTOR OF THE HUNGARIAN CENTRAL MUTUAL CREDIT SOCIETY. — M. Ambrose de Seidl, Ministerial Councillor, who was managing director of the Central Society from its foundation, has just retired, on account of age, after 44 years' public service.

As we know, the society was founded in accordance with law XXIII 1898, voted thanks to the efforts of Count Alexander Karélyi, the apostle of co-operation in Hungary. The new institution at once took under its protection the 460 co-operative societies of Count Karélyi and trusted them with the organization of the movement. These co-operative societies have now increased to 2,400 with 800,000 members, to a large extent heads of families, so that the welfare of four million Hungarian citizens is closely bound up with the mutual credit associations. Their share capital amounts to 38 million crowns and their reserve fund to 10 million. They further have received deposits amounting to about 106 million crowns. In addition they have credits to the amount of ninety millions and, since their foundation, they have lent their members 244 million crowns.

Founded originally to combat usury and encourage credit among the humbler classes, their sphere of action was rapidly extended to include collective sale and production, domestic industry, co-operative granaries, co-operative farming and restriping. Let us further mention the moral advantages the members derive from them: greater confidence in themselves, a greater spirit of solidarity and greater interest in public affairs.

These remarkable results are largely to be attributed to the skilful management of M. de Seidl. He is succeeded by Baron Frederick Koranyi, Councillor to the Department of Finance and Reporter on Co-operative Business.

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## Part IV: Miscellaneous

### FRANCE.

#### I. REPORT ON THE AGRICULTURAL ESTIMATES.

##### SOURCE :

PORT FAIT AU NOM DE LA COMMISSION du Budget chargée d'examiner le projet de loi portant fixation du Budget général de l'exercice 1913 (Ministère de l'Agriculture), par M. Albert Métin, député. (*Report Presented in the Name of the Committee on the Budget, instructed to Examine the Bill for the Approval of the General Estimates for 1913. (Department of Agriculture), by the Deputy, M. Albert Métin.*) No. 1,890. Chamber of Deputies. — Tenth Parliament. Session of 1912. Schedule to the Minutes of the second session of March 30th., 1912.

The Report made by M. Albert Métin in the name of the Committee on the Budget, instructed to examine the Bill for the approval of the General Estimates of Revenue and Expenditure for the year 1913 forms, like the previous reports, a thick volume (612 pages). It begins with a consideration of the situation or what should be the situation of the Department: situation of its services, social situation and economic situation. Then follows an examination of the various chapters, classified in sections.

##### § 1. — SITUATION OF THE SERVICES.

In the previous Report on the Estimates, coming after two bad seasons and at a moment when the cost of living was high, consisted partly of a study of the crisis and such subjects as the high price of food, thrush fever and epidemic cattle disease occupied an important place in it.

The present report states that the effects of the former disasters are still felt and also concerns itself with the search for remedies : but its first object is to determine the general situation of the Department as now formed.

*The officers.* With regard to the officers, the Committee laid down the following principles :



1st. Maintenance of engagements formally taken ; 2nd. Refusal to create new offices ; 3rd. Grant of only such of the increases asked for as are strictly necessary from the humanitarian point of view and in the interests of the service ; 4th. Postponement of all grants of credit for the service in course of transformation until it is reorganized.

*Understanding between the various services.* — Hope is expressed in the Report that the reorganization of the services may continue so that there may be a better mutual understanding between them and more perfect collaboration between the various departments, especially with regard to *water power*, which has given rise, it is said, to bills varying in character according as they are suggested by the various Departments, on no general system, with no safeguard of the rights of the State and of collective bodies.

Similarly as regards the application of science to agriculture : the fight against animal and plant diseases, trials of farming with the help of machinery, stations for trial of machines, agricultural meteorology, etc., M. Métin calls attention to the importance of close collaboration and unity of aim where several departments are concerned and the necessity of Government appealing to the agricultural associations to collaborate with it.

## § 2. SOCIAL SITUATION OF THE FARMERS.

The Report applauds the new spirit which is leading the small farmer to associate and the laws which define and encourage such association.

French agricultural associations, it says, are very various in character and we have not always very accurate statistics as to their number and the of their members. Yet these may be ascertained from the following publications. *Annuaire des syndicats professionnels* (Yearbook of Professional Syndicates), published by the Department of Labour.

*Annuaire des syndicats agricoles* (Yearbook of Agricultural Syndicates) published by the Department of Agriculture.

*Annuaire de l'Agriculture et des associations agricoles* (Yearbook of Agriculture and Agricultural Associations), published by M. Silvestre (a private publication, giving all the associations).

*Statistique des associations agricoles* (Statistics of the Agricultural Associations) in the *Annals of the Musée Social* (July, 1911).

The figures in these various publications do not always agree. The various associations are studied by Métin in the various chapters of the Budget in which they figure.

First, in order of date, we find the *Societies of Agriculture* and the *Agricultural Comices*, which are rather societies for study than professional co-operative groups. There are about a thousand of them.

The livestock improvement syndicates of later date are studied with these, but more in detail in chapter 28.

The agricultural syndicate associations for irrigation, drainage, dyke construction and improvements of such nature are dealt with in chapter 62. The agricultural syndicates, local and regional banks, agricultural

edit, agricultural co-operation, and agricultural insurance societies are added at the beginning of the section, before chapters 66 and 72.

The agricultural syndicates formed according to the 1884 law are more than 6,400 in number, with 780,000 members. There are to day in France:

		Number of Members
Regional Agricultural Credit Banks . . . . .	97	—
Local " " " " . . . . .	3,600	170,000

In addition, there are about 700 independent *Rural Banks* of Raiffeisen type, the business done by which is not exclusively agricultural and which have founded a few special regional banks. The agricultural co-operative societies for production, transformation or sale are about 2,600 in number, the agricultural distributive societies, properly so called, a thousand, but more than 5,000, if we include the agricultural syndicates engaged in co-operative business.

The *Agricultural Mutual Insurance Societies*, although already long established, have especially developed since the law of July 4th., 1900, which considerably reduced the formalities for their foundation. According to recent information, provided by the Agricultural Department, there are 11,684 agricultural mutual insurance societies, distributed as follows:

		Number of Members
Livestock Insurance Societies . . . . .	8,869	473,747
" Reinsurance " . . . . .	64	—
Fire Insurance " . . . . .	2,662	68,900
" Reinsurance " . . . . .	27	—
Hail Insurance " . . . . .	27	38,014
Accident " " . . . . .	35	6,000

Of the 25,000 *Mutual Aid Societies* in France, for the purpose of granting assistance in case of sickness, old age or death, it is calculated that only 100 have their headquarters in rural communes, and, although they are exclusively composed of agricultural members, yet the large majority of their members are agricultural labourers, and they may consequently be considered as rural mutual aid societies.

Finally, about 170 *Pension Societies* have been formed exclusively for the benefit of the agricultural labourers and small rural landowners.

M. Metin says that we may therefore calculate, in accordance with Louis Tardy's Report, presented at the International Congress of Baden-Baden, in 1912, that the number of miscellaneous agricultural associations in France is 40,000. "Often we find," says M. Tardy, "in the rural commune several associations working side by side and assisting each other: for example, an agricultural syndicate, a credit bank, a

mutual livestock or fire insurance society, a co-operative society, etc. The rural population are becoming more and more penetrated with the idea of association and seem to be on their way towards a new ideal, that of the village on mutual and co-operative lines."

There is not in France, as in some other countries, a single central Federation. The oldest central organization is the *Central Union of French Farmers' Syndicates*, founded under the patronage of the French Farmer Society, which has its headquarters in Paris, 8, rue d'Athènes. It federates twelve agricultural unions, of which two are especially active: the Union of the South East, and the Union of the Alps and Provence.

It has founded special services for the benefit of the syndicates affiliated to it, which are 1,800 in number. It has also organized periodic Congresses, the latest of which was held at Toulouse in May, 1911. The Agricultural Credit Societies are federated in two special organisations:

1. The *French Central Society of Popular Credit*, founded in 1888, which in its publications and congresses has been very active in promoting the development of urban and rural popular credit in our country.

2. The *Union of Rural and Workmen's Banks, Limited*, with headquarters formerly at Lyons, but now in Paris. Its members, exclusively societies of Raiffeisen type, both urban and rural, are about 700 in number.

Within the last few years there have been founded, a National Federation of Agricultural Co-operative Societies for Production and Sale, a National Federation of Regional Mutual Agricultural Credit Banks, and a National Federation of Agricultural Syndicates. These Federations have combined to form the *National Federation of Agricultural Mutual and Co-operative Societies*, under the presidency of the Senator, M. Viger, formerly Minister of Agriculture, with its headquarters, in Paris, 5, rue Las Cases (1).

Every year the National Federation organizes Congresses of great importance which are very well attended. The sixth of these was held in Paris last October.

In this Federation there are at the same time agricultural syndicates, credit, co-operative and mutual insurance societies. It has four sections, each of which is to some degree independent: for syndicates, credit, co-operative and insurance societies. In its credit section are federated all the regional banks, and, consequently, indirectly, almost all the local banks receiving State encouragement.

The co-operative societies section includes all the co-operative butter societies affiliated to the central association of the co-operative dairies of the Charentes and Poitou, which is the most important regional co-operative federation.

The syndicates section includes the oldest and most important departmental agricultural syndicates, as, for example, that of the farmers of Loir-et-Cher, that of the farmers of Sarthe and the agricultural syndicates of Pyrénées-Orientales. It federates a certain number of departmental unions and about 500 agricultural syndicates.

(1) The headquarters have now been transferred to 18, rue de Grenelle.

The insurance societies section has organized two national societies for the reinsurance of mutual societies insuring livestock against epidemic disease, and for mutual fire reinsurance.

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*Rural Holdings.* — M. Métin considers at length the situation of rural holdings. According to him, the situation prevailing in a region has not only an influence, on the methods of farming, but also on the mutual relations of the different classes.

It would be advantageous, in his opinion, to determine very accurately what class of holdings is more especially characteristic of each of the regions of France. But most of the statistics, at any rate in the form in which they are accessible to the public, lend themselves very little to such research.

By what external signs, in fact, is the nature of the holding to be discovered? The *Agricultural Enquiry of 1892*, the last of the decennial enquiries, chiefly concerned itself with the unit of cultivation, as the small proprietors let their farms to large farmers. The farm does not always therefore literally correspond with the holding.

By instruction of M. Ruau, Minister of Agriculture, an enquiry was held into rural holdings and farms, the results of which were published in 1909. According to the use established in the preceding enquiries held in France, by *small holding* are understood those of less than ten hectares, by *medium sized holdings* those of from ten to forty hectares, by *large holdings* those of more than 40 hectares.

Of course these figures are by no means invariable; in fact in vine districts, kitchen gardening and fruit plantation districts, where the soil requires very careful treatment, but where, on the other hand, its yield is abundant, we find small landholders living on a hectare or even less, whilst a farm of 5 hectares is medium sized and it is necessary to hire labourers to work it, and with 15 hectares, the owner is a large land holder, living like a person of the middle classes without working with his own hands. But, indeed, the above arrangement, which is generally accepted, affords a practical basis for classification according to the mode of farming.

According to the results of M. Ruau's enquiry, the number of small landholders and the area of their holdings is increasing in 36 departments, and stationary in 16. These 52 departments are found chiefly in the South East and South West and a part of the central mountain mass.

Round about these, the proportion of small proprietors decreases, yet the area occupied by small farms increases or remains stationary in 17 other departments, chiefly in the South East and East.

The medium sized farms are increasing in number in two departments, Oise and Orne, and in parts of three others, Calvados, Marne and Haute Saône.

Large holdings are only increasing in two departments in the neighbourhood of Paris, Seine-et-Marne and Eure.

We may draw the conclusion that France is, as a whole, a land of small holdings.

These results have been contested and disputed by M. Compère-Morel who, in his book on the *Land Question and Socialism in France*, criticizes the departmental rural monographs published by order of M. Ruau.

Indeed, the department, considered by M. Ruau and by those who criticise the results of his enquiry, is too large a field; a department, of which a part is subdivided and devoted to kitchen gardening and fruit growing, while the rest is used for livestock improvement and belongs to large land holders, runs the risk of being classed among those of medium sized holdings through an error due to apparently accurate calculation.

It is rather by geographical methods than mathematical we must proceed.

This is what M. André Siegfried has understood. First of all he takes the canton as his basis, "large enough to prevent our losing ourselves in minute considerations, while sufficiently limited to faithfully represent the physiognomy of a region."

In each canton he has considered, he has proceeded to investigate methodically, as appears from the following account:

"If we take the number of landowners in accordance with the land tax assessment, we shall arrive at conclusions which are bound to be accurate. The 1879 inquiry into Direct Taxation published under the title: *Nouvelle évaluation du revenu foncier des propriétés non bâties* (New Estimation of the Land Revenue of Unbuilt on Land (carried out in accordance with the law of August 9th., 1879) may be consulted with advantage. However, it tells us nothing about the landholders. We may indeed learn, for example, that a canton of 10,000 inhabitants and 20,000 hectares contains 4,000 land holders, or a proportion of 40 %, but we shall not know whether one of these 4,000 does not possess alone nine tenths of the soil! The same objection will apply to the system which takes an average of the land assessment and that for the same reasons.

We must then face the problem, not only under other aspects, but from a more complex point of view. Instead of simply counting the number of the landowners, it is much more important to consider the proportion of the soil possessed by each class of landowner. In 20,000 hectares of a canton, for example, we shall ask ourselves what area is owned by proprietors of more than 100 hectares (large proprietors) or by proprietors of less than 10 hectares (small proprietors). If 15,000 hectares are in the hands of 50 persons, each owning more than 100 hectares, we shall know for certain that the district is one of large holdings. And if 15,000 hectares are held by 3,000 persons, each owning 10 hectares at most, we shall have no doubt that subdivision prevails. To make our explanation clearer we are intentionally simplifying, but even if we make a somewhat detailed classification (into minute small, medium sized, fairly large, large, and very large holdings) we shall have as it were a photograph of the division of the soil."

This classification of the assessment notes in accordance with the area of the holdings was made by the Office of Direct Taxation, when publishing

the results of the 1884 enquiry under the title: *Return of the Total Taxation that can be Imposed according to the Cadastral Register of Unbuilt on Holdings.*

After this enquiry, the result per department was published by the Department of Finance. The detailed return per commune is filed in the archives of the direct taxation of each department where M. Siegfried has consulted it.

But the 1884 enquiry established the classification of *assessment notes*, not of *holdings*. We know the serious errors that may result from this: there may be several assessment notes for one holding and for this reason the subdivision of the soil seems always greater than it really is. Yet, with this reservation, M. André Siegfried has calculated that the enquiry of 1884 gives the most probable results. Taking these figures, and taking the canton as his basis, he has studied the situation of landed property in the district of Caux, in Maine and in Anjou (*Musée Social; Mémoires et documents*, September, 1909 and July, 1911).

Whilst M. André Siegfried made use of the documents for 1879 and 1884, the Financial Administration proceeded with a new enquiry, the results of which enable us to give, in the case of each commune:

1st. The indication of the holdings by area (for example, below 5 hectares, between 5 and 10 hectares, between 10 and 40 hectares, above 40 hectares):

2nd. The total area in each class.

3rd. The area and consequently the percentage of the very small, small, medium sized and large holdings in each commune. We give an example:

Department of la Manche - Arrondissement of Valognes, Canton of Quettehou.

*Commune of Montfarville.*

(A kitchen gardening, small farming commune of small holdings).

Description of Holdings	Number of Landholders	Area			Percentage of the forms of Holding
		Hect.	Area.	Cent.	
Holdings of Less than 5 ha . . . . .	410	300	47	19	53 %
"    "    Between 5 and 10 ha. . . . .	21	133	09	13	26 %
"    "    "    10 " 40 " . . . . .	6	82	07	54	16 %
"    "    More than 40 ha . . . . .	—	—	—	—	—
Total . . . . .	437	515	63	86	—

It is very important that the data given for a commune be entirely taken from the results of the latest enquiry.

M. Métin calls the attention of the Ministers of Finance and Agriculture to this point of capital importance.

Once the distribution of the rural holdings is known, a series of enquiries will have to be made, he says, into the following matters:

- 1st. Subdivision and the effect of legislation on restriping;
- 2nd. Mortgage Debt, its increase or decrease.
- 3rd. Proportion of the farm worked by the owner, let out and worked as *métairie*: distinguishing between peasant holdings worked by the owner and middle class holdings on which the owner does not work with his own hands.

These various points of view were considered in M. Ruau's enquiries, but even in this case the department is too large a field: it is necessary to proceed canton by canton, if possible, commune by commune.

It is necessary therefore to encourage local monographs. We have already several of these for special regions, originating mostly with the Sorbonne geographical theses, for example, those of MM. Demangeon on *Picardy and the Neighbouring Districts*, Blanchard on *Flanders*, Chantriot on *Champagne*, de Félice on *Lower Normandy*, Sion on the *Peasants of East Normandy*.

We must add the volume of MM. Germain Martin and Paul Martenot on *Côte-d'Or*.

### § 3. ECONOMIC SITUATION.

The problem of the relations between production, transport and consumption, in a word, that of the high cost of life, was amply discussed in the debates on the last budget and M. Métin does not return to it.

He notes the reports presented, in the name of the Committee on Customs Dues by M. Emile Loth, on the duties on meat and grain (1) and the discussions to which they have given rise.

He only rapidly examines the exportation and importation of agricultural produce.

The most important agricultural products exported are wine (243 millions) above all to Germany, Switzerland, Great Britain and Belgium; silk (183 millions) to Italy, Switzerland and Germany; then cheese, butter, oil and sugar.

The centres of production of these various articles are indicated in the following Departmental publications:

*Enquête sur le commerce des produits agricoles* (Enquiry into the Trade in Agricultural Produce) (2 vols.) and

*Enquête sur l'industrie laitière* (Enquiry into the Dairy Industry) (1 vol.).

(1) Chamber of Deputies: No. 1,304, Schedule to the minutes of the Session of December 19th., 1911 and No. 1,930, Schedule to the minutes of the Session of May 28th., 1912.

The principal produce imported consists of oil yielding seeds and fruits (379 million), cereals and certain classes of wine (liqueurs and wines for mixing). The wheat imported in 1910 was appreciably in excess of the average: the average excess of importation over exportation being for the last ten years 4,344,000 quintals. The excess was due to the fact that the wheat crop in France in 1910 was inferior owing to the heavy rains in the year.

The drought in 1911, on the other hand, damaged the permanent grass and meadows as well as hoed crops (potatoes, beetroot, etc.). But we may say that in ordinary years France nearly produces enough for her own consumption and even enough to increase her exportation.

What is wanting is not so much produce as the organization of transport of agricultural produce.

The question of transport rates comes up at every discussion of the budget; a certain degree of improvement has already been obtained, especially by the Decree of October 27th., 1911 for the execution of the law of December 26th., 1908, extending the benefit of the reduced parcel posts tariff to agricultural consignments of less than 40 kgs.

Independently of other ameliorations of the transport rates for agricultural produce, M. Métin thinks that the decrease of the number of intermediaries and the suppression of speculation are urgently called for.

The reorganization of the La Villette market is necessary: the intermediaries between the livestock improver and the consumer (country commission agent, railway, agent receiving, Paris agent, meat salesman, whole sale butcher and retail butcher) receiving 27 % of the selling price of the living animal. M. Métin speaks in favour of the bill on slaughter houses, proposed in the Senate, the establishment of fixed tariffs for the transport of meat, the development of the meat markets, the foundation of syndicates for sale and co-operative slaughter houses. He draws attention to the rôle of refrigeration in the meat market and its application to fruit and vegetables, in dairies, breweries and wine making, and the services rendered by the International and French Refrigerating Associations.

To sum up, he says:

1st. The Minister of Agriculture should encourage the application of refrigeration to the meat trade by the installation of public regional slaughter houses and the addition of refrigerating chambers to the existing municipal slaughter houses;

2nd. The refrigerating chambers, thus formed, must be connected together by means of a system of refrigerating cars, still in embryo, that the Departments of Agriculture, War and Public Works, equally interested in the matter should favour by regulations and tariffs encouraging the circulation of the cars.

3rd. Both the larger public and the agricultural circles have to be instructed almost from the beginning in the matter of refrigeration. This must be done by propagandist societies, the action of which must be seconded by the Government and which must give the officers of the Agri-



cultural Department all the documents and information required for the work of education.

#### § 4. ENCOURAGEMENT OF AGRICULTURE

The Report then examines the various chapters of the budget, among which we shall only mention those of a nature more especially interesting for the readers of this bulletin. Thus, chapters 28 to 33 include the credits for subventions and medals to the livestock improvement syndicates, the organization of the Paris general agricultural show, the central and special shows, competitions for prizes, prizes for crops and prizes for speciality costs of missions in France and abroad.

With regard to the subventions to the livestock improvement syndicates (200,000 frs.), M. Métin first comments on the statistics of French livestock, the increase and decrease of the various species, the improvement in the net yield and in the price of the meat. (1).

He then examines the part played by the *Herd Book Association* which keep the pedigree of the thoroughbred animals and that of the *Livestock Improvement Syndicates*, of which he publishes the model rules established by the Government. A decree of March 5th., 1912 has fixed the conditions under which these livestock improvement syndicates may receive subventions and which may be summed up as follows:

(a) The livestock improvement syndicate must be constituted in accordance with the provisions of the law of March 21st., 1884 on professional syndicates;

(b) The Syndicate must receive a subvention from the Department;

(c) Its rules must be approved by the Minister of Agriculture;

(d) The syndicate must pursue one or more of the following ends:

1st. The acquisition and production of good bulls;

2nd. Their maintenance;

3rd. Their preservation as well as that of good cows for breeding;

4th. The control of the milk.

(e) The syndicate must keep a herd book in conformity with the official definition of the breed.

M. Métin would desire that the subventions should be given by preference to regional *federations* of livestock syndicates approved after official examination. Compulsory federation and supervision of the inspection is to him indispensable in order that the livestock syndicate may collaborate in the general work of selection now being carried on instead of hindering it.

M. Métin proposes a further decentralisation of the shows of special breeds, so as above all to encourage the small farmers. The Government is besides trying to introduce a new method of exhibiting the animals in

(1) See the studies already published in the *Bulletin of Economic and Social Intelligence* the Price of Meat, Livestock Production and Trade. November, 1912, page 167.









